

NAVAL POSTGRADUATE SCHOOL

Monterey, California



THESIS

**GERMANY'S INTERESTS AND POLICY
IN AND TOWARD THE MIDDLE EAST
IN THE CONTEXT OF THE ARAB - ISRAELI CONFLICT**

by

Thomas H. Papenroth

June 2001

Thesis Advisor:
Second Reader:

Ahmad Ghoreishi
Robert E. Looney

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20020102 088

REPORT DOCUMENTATION PAGE			Form Approved 0704-0188		OMB No.	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.						
1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE June 2001		3. REPORT TYPE AND DATES COVERED Master's Thesis		
4. TITLE AND SUBTITLE: Title (Mix case letters) Germany's Policy and Interests In and Toward the Middle East in the Context of the Arab - Israeli Conflict				5. FUNDING NUMBERS		
6. AUTHOR(S) Thomas H. Papenroth						
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000				8. PERFORMING ORGANIZATION REPORT NUMBER		
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A				10. SPONSORING / MONITORING AGENCY REPORT NUMBER		
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.						
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release; distribution is unlimited				12b. DISTRIBUTION CODE		
13. ABSTRACT (maximum 200 words) Over the years Bonn and Berlin's policy and decision-makers adopted a pragmatic multilateral attitude that serves Germany's interests best. Today, Germany executes the concept of a civilian power. Supranationalism and institutional cooperation, followed by integration are the key ideas to formulate and represent power and national interests. As one of the largest industrial and trading nations, Germany is dependent upon a stable and well-functioning economic system that is committed to free trade relying largely on imported raw materials and energy - i.e. low-cost oil from the Middle East. In this context, German politics has an interesting and unique position. Germany's policy in the Middle East is somewhat ambiguous. The Federal Republic's dependency on oil inclines Germany toward the Arab states. The second factor is the historical moral burden bequeathed by the Third Reich that tends to tilt German diplomacy toward Israel. Germany's dilemma is its polarized Middle Eastern policy; German leadership carefully maintains a political neutral position keeping the country's economic interests in mind, along with considerations of an evenhanded approach toward the Middle East.						
14. SUBJECT TERMS German multilateral foreign policy in the Middle East, civilian power with economic interests, moral obligation to the State of Israel				15. NUMBER OF PAGES 134		
				16. PRICE CODE		
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL			

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Thomas H. Papenroth
Commander, German Navy


Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

from the

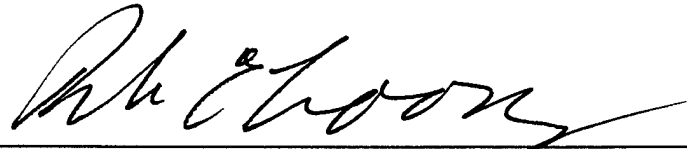
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JUNE 2001**

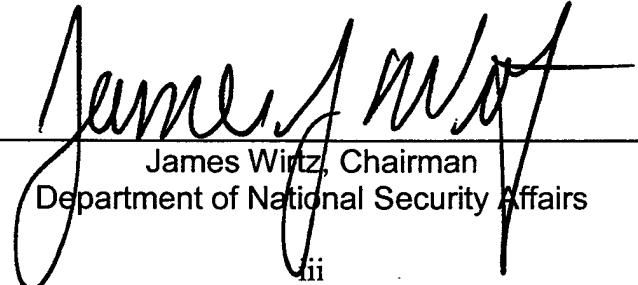
Author:


Thomas H. Papenroth

Approved by:


Ahmad Ghoreishi, Thesis Advisor


Robert E. Looney, Second Reader


James Wirtz, Chairman
Department of National Security Affairs

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ABSTRACT

Over the years Bonn and Berlin's policy and decision-makers adopted a pragmatic multilateral attitude that serves Germany's interests best. Today, Germany executes the concept of a civilian power. Supranationalism and institutional cooperation, followed by integration are the key ideas to formulate and represent power and national interests.

As one of the largest industrial and trading nations, Germany is dependent upon a stable and well-functioning economic system that is committed to free trade relying largely on imported raw materials and energy – i.e. low-cost oil from the Middle East.

In this context, German politics has an interesting and unique position. Germany's policy in the Middle East is somewhat ambiguous. The Federal Republic's dependency on oil inclines Germany toward the Arab states. The second factor is the historical moral burden bequeathed by the Third Reich that tends to tilt German diplomacy toward Israel. Germany's dilemma is its polarized Middle Eastern policy; German leadership carefully maintains a political neutral position keeping the country's economic interests in mind, along with considerations of an evenhanded approach toward the Middle East.

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LIST OF ABBREVIATIONS

AA	The Federal Republic Foreign Office
BMWI	Ministry of Economics
BMWZ	Ministry of Economic Cooperation and Development
BND	German Federal Intelligence Service
CDU	Christian Democratic Union
CFSP	Common Foreign and Security Policy
CSCE	Conference for Security and Cooperation in Europe
DM	Deutschmark
DoP	Declaration of Principles (Oslo Accords)
EC	European Community
ECSC	European Coal and Steel Community
EEC	European Economic Community
EIB	European Investment Bank
EMPI	Euro – Mediterranean Partnership Initiative
EPC	European Political Cooperation
EU	European Union
FDI	Foreign Direct Investment
FDP	Free Democratic Party or Liberal Party
GDP	Gross Domestic Product
GDR	German Democratic Republic
IDF	Israel Defense Force
IEA	International Energy Agency
IMF	International Monetary Fund
LDC	Less Developed Countries
ME	Middle East
MEDA	Middle Eastern Development Aid Program
MENA	Middle Eastern North Africa Region
MEPP	Middle East Peace Process
MOD	Ministry of Defense
NATO	North Atlantic Treaty Organization
OECD	Organization for Economic Coop. and Development
OPEC	Organization Petroleum Exporting Countries
PA	Palestinian Authority
PLO	Palestinian Liberation Organization
SPD	Social Democratic Party in Germany
U.S.	United States
UAR	United Arab Republic
UN	United Nations
WMD	Weapon of Mass Destruction
WWII	Second World War

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EXECUTIVE SUMMARY

In Germany's federalist democratic system, party politics, power exertion of interest groups and public opinion play a significant role not only in domestic politics, but also in foreign policy. Although the Federal Republic is a major economic power, it did not develop a strategic culture like France, Great Britain or the United States. The countries' political elite continues to point out that the Germans are seeking a post-national identity in the context of European integration and the Atlantic alliance.

The process of German unification, in correlation with the unification of Europe, has a significant impact on German foreign policy. One distinguishing feature in its foreign policy tradition is the reluctance to define what Germany's national interests are. Some non-German observers argue that the Federal Republic has never conducted a sovereign foreign policy, nor a largely autonomous, truly national foreign policy. Some German leaders and German "think-tanks" view this as the "pragmatic multilateralists" approach to foreign policy, which serves Germany best in an increasingly interdependent world. Supranationalism and institutional cooperation, followed by integration are the key figures to formulate and represent power and national interests.

Germany, as a civilian power and a large trading nation, but without its own resources, is dependent on imported raw materials and energy – i.e. low-cost oil of the Middle East. This dependency is one of the main explanations for Germany's Middle Eastern interests.

It needs regional security and stability for the sake of its own political economy and for the safety of the governing regimes in the region. Throughout its post-war foreign policy, Germany established firm relations with the Arab states, mostly because of economic interests. The Arab states are the main supplier of oil and a primary concern in trade. The moral obligation to the State of Israel due to atrocities in the Third Reich, however, prevented an unambiguous policy defined by national interests.

Nonetheless, the perception of the State of Israel is gradually changing; the images of the Holocaust are slowly fading away. Postwar generations do not like to be accused of or blamed for the atrocities as “collective guilt” occurring during the Third Reich. The younger generation of politicians in both states are able to differentiate between the Holocaust and businesslike Realpolitik. Critiques of Israel’s policy toward the Palestinians have nothing to do with anti-Semitism. German general policy is to fight violations of human rights and international law, including Israeli actions against the people in the West Bank and Gaza. The political implications of this new attitude on the Middle East could be that Germany’s future leaders will be more focused on economic and other real interests rather than on an explicitly Israel-biased policy. How soon this will happen depends inter alia on Israel’s politics.

In the Middle East-North Africa region, Berlin uses its new foreign policy concept active economic presence to exert political influence. It distinguishes itself from former Foreign Minister Genscher’s “Scheckbuch Diplomatie” in such a way that Germany offers economic support only for political service in return.

Even when Germany does not clearly expressed its national interests, in recent years, its evenhanded attitude in the Middle East has been appreciated in both conflicting parties: in the Arab states and in the PA as well as in Israel. It has for the most part also reached its aim – fulfilling the economic interests even when critics call it “muddling through”.

As a European country, the Federal Republic has to take a political stance in the MENA region because the challenges and risks related to this region can only be solved, or better said, can only be encountered in the European context.

In sum, there might be some more small steps undertaken by the Federal Republic plainly expressing its national interests, but they will surely be embedded in the European network rather than formulated unilaterally. Germany will continue its multilateral, evenhanded attitude toward the Middle East, swinging between the moral obligation to the State of Israel and the security of its energy needs, while continuing to be reluctant in using military force and further pursuing its national and economic interests through a interrelated European and trans-Atlantic framework.

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ACKNOWLEDGMENTS

I would like to thank Professor Ghoreishi and Professor Robinson for stimulating my interest in the topic as well as providing me with inspiration, academic guidance and assistance to complete this study.

A special thank goes to Beth Summe for her efforts and her endless patience in translating 'non-native speaker notes' into a finished thesis.

Finally, I sincerely thank my wife Claudia for her understanding and support as well as I deeply thank my son Fynn for his "being around"; a lough on his face even brightened my darkest moments.

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I. INTRODUCTION

With the end of the Cold War, Germany has emerged, now reunified, as the state of central importance for the security of Eurasia. As East and West Germany jumped on the train of unification, sovereignty restrictions disappeared and the post-Second World War circumstances that made West Germany a Great Economical Power but a Political Minor Actor changed irrevocably.¹

The National Security Advisor, Horst Teltschik expressed his opinion to Chancellor Helmut Kohl with the question: should (could) Germany join the western alliance and assist militarily against Iraq during the Gulf crisis in 1990-1991, when he said,

The role that Germany is playing in the world has a new quality. The problem is that most Germans haven't recognized it yet. We must take more responsibility ourselves. The world expects more of us.²

The disintegration of the Soviet Union has put Germany into a new situation, where it has to re-establish itself in the international system and to re-define its national interests. This applies globally as well as vis-à-vis the Middle East. With unification Germany returned to full sovereignty. Berlin is no longer a divided city under Four-Power occupation status.

¹ In this Thesis, I concentrate on West German policies. The impact of the East German legacy is very limited except for the changed geostrategic position after unification.

² Stephen Szabo, German Society and Foreign Policy, in Shahram Chubin (ed.), *Germany and the Middle East*, (St. Martin's Press 1992) pp. 94 and 100-101

This return to normalcy means that the political statute of limitations, which has applied to both German states, has finally ended. However, this does not mean that the political and strategic culture for a unified Germany will alter overnight.

This thesis explores Germany's foreign policy and its national interests toward the Middle East and describes that Germany's foreign policy in the Middle East as a cautious approach to protect its economic interests in export and markets.

Supranationalism is the key figure in German foreign policy. With the process of reunification, Germany follows a path of deepening European integration. It pursues its national interests through a network of close alliances. Germany uses its growing freedom and influence in institutional cooperation to formulate and represent power and national interests.

As one of the largest industrial and trading nations, Germany is dependent upon a stable and well-functioning economic system that is committed to free trade. As a large producer and the biggest exporter of manufacturing goods, but without its own sufficient resources, Germany has had to rely largely on imported raw materials and energy – i.e. low-cost oil of the Middle East.³ In this context German politics has an interesting and unique position while its policy in the Middle East is somewhat ambiguous.

³ Hanns Maull, Economic relations with the Middle East, in Shahram Chubin (ed.), *Germany and the Middle East*, p. 115

One big factor is Germany's dependency on oil, which pulls Germany toward the Arab states. The second factor, opposing to the first, is the historical moral burden bequeathed by the Third Reich that tends to tilt German diplomacy toward Israel.⁴

In the past, Germany adopted a policy of multilateralism to outbalance its sovereignty limitations in security issues. The 'multilateral – institutional approach' served Germany well during the Cold War period and helped to postpone the taking up national positions.⁵

The patterns of much of Germany's post-WWII foreign and foreign economic policy emerged from its historical background. Germany had destroyed Europe's old order and killed some six million Jews. The Western allies, especially the United States, made West Germany a client and used it as a buffer toward the Soviet Union. Based on this foundation, Germany was unable to pursue an independent Middle East policy in the sense of a Great or Medium Power.⁶

But, because of the dramatic changes in the political environment, which happened in the early 1990s, Germany must assume new international responsibility. With its political and economical strength it has to make a contribution to the resolution of future problems throughout the world.

⁴ Josef Joffe, Reflections on German policy in the Middle East, in Shahram Chubin (ed.), *Germany and the Middle East*, p. 195

⁵ Wolfgang Schloer, *German Security Policy*, (Adelphi Paper 277; The International Institute for Strategic Studies 1993), pp. 3-4

⁶ Maull, p. 114

The radical changes in Germany's security environment changed and improved its strategic situation. The risk of a major war in Europe has been replaced by a multitude of risk factors with a variety of regional manifestations.⁷

The Middle East was not and is not the most important area of German interests. East – West European matters and NATO concerns take priority. But because of its economic power and political weight, Germany has to take on major responsibility in bilateral relations with nations in the Middle East as well as responsibilities as a leading nation in the European Community's (EC) policy toward the Middle East.

The Middle East region, with the Mediterranean as a bridge, is an area of increased political and security interest to Europe and Germany. The demographic factor, political instability and a growing gap in living standards will promote growing tension between Christian Europe and the Muslim countries of the Middle East.⁸ The proliferation of chemical and nuclear weapon will increase Germany's perception that a threat exists. Even though Germany's oil imports from the Middle East decreased by 86.5 percent in the period 1970 to the early 1990s⁹, the growing German economy will continue to depend on Middle Eastern oil; this issue will remain a vital national interest.

⁷ *White Paper on the Security of the Federal Republic of Germany and the Situation and Future of the Bundeswehr*, (Federal Ministry of Defense 1994), pp. 24-25

⁸ Szabo, p. 93

⁹ 1974 was the peak year with 57.2 million tons; import decreased to a low in 1985 (7.7 million), see Maull, p. 121

Germany's role in the Middle East is of special interest to local states. In a more decentralized world with multi-polar power centers, the involvement of a state with the weight of an economic superpower will be welcomed and sought. Yet the Middle East will remain an area of primary concern to Germany and Europe, whether for reasons of proximity, demography, energy or trade and markets.¹⁰

Germany's political encounter in the Middle East is a cautious approach. German policy towards the Middle East in the recent past has been defined in economic rather than political terms and has generally been characterized by the kind of commercialistic opportunism most evident in the area of arms and technology transfers.¹¹ Critics on this behavior would say that (1) the German leadership ignores the massive consequences of their worldwide economical activities and (2) Germany ignores security considerations because of its high economic interests. One example is the transfer of technology to Iraq, which enabled Iraq to build an extensive chemical weapons program with upgrading Iraq's Scud surface-to-surface missile system.

The attitude of Germany toward the Middle East is a kind of balancing-act between a historical pro-Israeli stand and a more economical dominated pro-Arab position. As a result a great deal of credit and respect is given by the Arab states toward Germany.

¹⁰ Chubin, p. 2

¹¹ Ibid., p. 9

Germany could use this as a fundament for more conscientious policies, designed by emancipated national interests rather than narrowed economically-dominated big-business interests. The Arab states, Germany's traditionally good economic partners in the Middle East, are trying to increasingly engage Germany, as one of the leading nations within the EC, into the Middle East conflict in order to outbalance the United States' hegemonic stand in the region. The Arab states lost trust (if they ever had any) in the United States as the mediator in the Arab – Israeli peace process.

The Arab states would like to see Germany and the EC more involved in Middle Eastern politics. A unified Germany is the dominant state in Europe and a united Europe is likely to become a leading power internationally with an important role to play in the Middle East. The European problem, however, interrelated with the Middle East Peace Process is that no clearly identifiable European position yet exists. Every European nation has its own political and economical stand towards the Middle East. The European Union (EU) countries still compete among themselves for influence and access to markets and for lucrative arms contracts. This might change when a united Europe evolves and a consensus about European foreign policy toward the Middle East is developed.

Chapter II documents the basic determinants of German foreign policy. As a great economic power in Central Europe, Germany did not step on the train of nationalism and unilateral political actions.

Germany pursues its national interests through a multilateral framework, a network of interdependent institutions and supranational organizations.

Chapter III discusses Germany's interests and objectives in the Middle East, especially in the MENA region.¹² Its relations with the Middle East are largely shaped by history and by the abundance of low-cost oil. Germany's industrial strength has to rely on the energy provided by the Arab states. Therefore, Germany's approach to the Middle East is an act of balance between Israel, to which Germany has moral obligations, and to the Arab states, which are traditional welcomed trade partners.

Chapter IV analyzes Germany's relation with the state of Israel more in depth. The main argument is that German and the State of Israel have a special and unique relationship based on the atrocities, which occurred in the Third Reich. Shadows of the genocide are still hanging over both states and societies, influencing the behavior of decision and policy makers in both nations toward each other.

The process of European unification is one of the biggest determinants Germany's leadership has to deal with today. Chapter V analyzes Germany's policy toward the Middle East through the network of European institutions and organizations.

¹² MENA region: The Middle Eastern North African countries surrounding the Mediterranean Sea

A unified Europe is likely to become a leading power internationally with an important role to play in the Middle East. Germany, as the dominant nation in Europe, has to take a solid stand within a common European foreign policy to pursue its national interests.

This thesis concludes with an assessment of Germany's encounter in the Middle East and a prediction of Germany's political and economical policies toward this area of primary concern in world politics.

II. BASIC DETERMINANTS OF GERMAN FOREIGN POLITICS

Germany, today, is one of the wealthiest and one of the most culturally influential countries in the world. It is surrounded by friendly democratic states, the third largest economy in the world, the second most active exporter, and the biggest country west of Russia in Europe. The German economy is successfully extending around the globe. Finally, Germany's global trade and investment have linked the country's welfare with the security and prosperity of world markets.

These achievements are alone partially attributed to German politics and its foreign policy. Additionally, it is important to note that its consolidated democracy has been strengthened by both its close relations with the United States, following the Second World War (WWII) and its prospering economy. Garton Ash, a British observer of German history and politics has noted that the old Federal Republic:

...has over the last 30 years pursued one of the most consistent foreign policies of any Western power. As a result, it has a well-formed foreign policy tradition. This tradition, a blend of Adenauerian Westpolitik and Brandtian Ostpolitik, has several distinctive features. Besides the renunciation of force and the pursuit of reconciliation with former foes, there is what one might call attritional multilateralism. German diplomacy has excelled at the patient, discreet pursuit of national goals through multilateral institutions and negotiations, whether in the European Community, NATO, or the Helsinki process.¹³

¹³ Timothy Garton Ash, *Germany's Choice*, in *Foreign Affairs* - 73 (1994), p. 71

Throughout the fifty-year history of the Federal Republic, its foreign policy aims – security, political and economic reconstruction in the context of Europe and the North-Atlantic Treaty Organization (NATO), and reunification – have remained constant even though they have been modified in the light to changes in international and domestic politics.¹⁴

A. ADENAUER'S POLITICS OF STRENGTH

The central element of German foreign policy in the first phase following WWII was the country's division and the building of trust and credibility. A shattered economy and few, if any, friends subordinated the postwar leadership under the Adenauer – Erhard governments to the overriding requirements of political rehabilitation and economic recovery.¹⁵

For Adenauer and his Christian Democratic Union (CDU) administration it was clear that Germany's re-establishment in world politics in the long-run depended on the successful completion of two main tasks: (1) the integration of Germany in an American – led Western security framework (2) the creation of a prospering social market economy. To complete the first task, the Federal Republic was constrained in its political freedom in order to deter the Soviet Union and to demonstrate its solidarity with its new Western partners.

¹⁴ Wolfram F. Hanrieder (ed.), *West German Foreign Policy, 1949 – 1979: Necessities and Choices*, (Westview Press 1980), p. 15

¹⁵ Ibid., p. 13

The successful rebuilding of Germany's economy was a necessity for the establishment and for the support of the Federal Republic's new democratic institutions.¹⁶ The result was new democratic leaders preoccupied with either domestic and economic issues or exclusively focused on Central Europe, struggling for security building and legitimacy.

West Germany became closely integrated with the West in such supranational organizations as the European Economic Community (EEC) and the NATO military alliance. Within NATO, the Federal Republic was content to play the role of a junior partner to the United States, whose enormous military power served as a protection from Soviet threats. Adenauer's "politics of strength" and Eisenhower administration's policy of containment solidified the Cold War alliances in Central Europe and further deepened the division of Germany.

In the 1950s West Germany's relations with the communist regime of East Germany became severed after Chancellor Adenauer claimed that all Germans were one nation and that West Germany was the only legal successor to the Third Reich (*Hallstein Doctrine*).¹⁷ Bonn and East Berlin subsequently engaged in a worldwide struggle for political legitimacy.

¹⁶ Ibid., p, 14

¹⁷ The *Hallstein Doctrine*, West Germany's leadership announced that it would only establish diplomatic relations with those governments that decline to recognize the German Democratic Republic (GDR), see Richard Burt, Germany and world politics, in Sharam Chubin (ed.), *Germany and the Middle East*, (St. Martins Press New York 1992), p. 14

In the Middle East, the Adenauer administration started an early support for the survivors of the Holocaust and for the newly emerged State of Israel. This political and moral obligation was an important element of Germany's rehabilitation. Nevertheless, Germany pursued the same low level engagement in the Middle East that it followed elsewhere in the first postwar period.

B. OSTPOLITIK AND DÉTENTE

The second phase of postwar foreign policy began in the late 1960's under Chancellor Brandt's Social Democratic Party (SPD) government with Bonn opening to the East. Brandt's *Ostpolitik* (politics to the East) succeeded in strategic – political and economic terms. It also reflected the interaction between domestic and foreign policy. The emerging primacy of economic and monetary matters in global economic relations significantly increased Germany's influence and power in Europe and the world. In Brandt's *Ostpolitik* it became obvious that economic and monetary interdependence is a measure of power, which is, in given appropriate circumstances, more relevant than military capacity. Economic power is also a much more flexible instrument of diplomacy than military power.¹⁸

¹⁸ Hanrieder, p. 27

The Brandt administration realized that a general rapprochement with the East, especially the Soviet Union, required a formal recognition of East Germany as the second German state, the Oder – Neisse line and the territorial and political status quo in Eastern and Central Europe. This fundamental shift in the Federal Republic's politics concerning the "German Question" was on the one hand, a policy of resignation because it ignores Germany's primary concern – reunification. On the other hand, however, the fundamental shift gave Bonn a considerable leverage in its policy toward Moscow and, thereby, strengthened the impact of German politics in East Europe.¹⁹

In the wake of the *Wirtschaftswunder* (economic miracle), Germany's social market economy expanded into the world. Its economic interests and its political obligation had become a global significance.²⁰ With its commitment to economic liberalism and its underpinning logic that economics is the vehicle to obtain political objectives, Germany developed itself into an economic world power.

C. NEW ASSERTIVENESS AND PRE-UNIFICATION POLICY

In the 1970's the Federal Republic, under Chancellor Schmidt (SPD) became mature in the fields of economy and politics. Schmidt succeeded in changing the character of the American – German security dialogue.

¹⁹ Ibid., pp. 28-29

²⁰ Ernst-Otto Czempiel, Germany and the Third World, in Wolfram F. Hanrieder (ed.), *West German Foreign Policy, 1949 – 1979: Necessities and Choices*, (Westview Press 1980), p.182

He argued that Bonn was becoming less of a client and more of a partner for Washington. Schmidt represented the new confidence and a new German assertiveness in world affairs.²¹

Bonn's new influence was supported by the development and introduction of the economic summits, the annual meetings of the Group of Seven (G-7) industrialized countries, recognizing the growing multipolarity of international economic power. The economic summits gave Germany (with Japan) a seat at the "top table", dealing with world affairs for the first time in its postwar period.

Schmidt's successor, Helmut Kohl (CDU), continued the process of expanding the Federal Republic's international horizons, while increasing Bonn's influence on the European continent. It was during the 1980's that Bonn began to rival with Paris and London for the hegemonic position in Europe. Germany's continuing prospering economy made it the key European player in the G-7 meetings. At the same time, Foreign Minister Hans Dietrich Genscher took an active and forward posture toward the Soviet Union, which represented Germany's new influence and assertiveness in security issues and in NATO.

The most important issue, however, was Kohl's prudent management of the Bonn – Washington relationship. He realized that American support was vital for Germany's political rehabilitation. To become mature it was necessary to have the United States' trust and confidence.²²

²¹ Burt, p. 15

²² Ibid., pp. 14-15

D. FOREIGN POLITICS IN A NEW ERA; A TRADING NATION AND A CIVILIAN POWER

During the East – West conflict, Germany faced the threat of a large-scale aggression, which resulted from a combination of expansionist Soviet policies and its superiority in military quantity of the Warsaw Pact. The two world powers faced each other militarily on German soil. This danger of threatening the state's existence has now been banished. The radical historic events, following the disintegration of the Soviet Union changed the political order and the security landscape in Central and Eastern Europe. Its unity and the process of European unification fundamentally improved the political and security situation for Germany. It has gained a tremendous amount from the revolutionary political changes in Europe. Germany has achieved its unity with the approval of all its neighbors and the world's great powers, and returned to full sovereignty.²³ At the same time, Germany challenges new international responsibility. With its political and economic strength, Germany has a key role to play in the development of European structures and it has to contribute to the resolution of coming problems throughout the world.

After forty-five years of forced division the most significant change for Germany was the reunification itself. There are no longer West and East German polities and policies but only one German polity and policy.

²³ *White Paper on the Security of the Federal Republic of Germany and the Situation and Future of the Bundeswehr*, (Federal Ministry of Defense 1994), p. 24

With unification Germany returned to full sovereignty. Berlin is no longer a divided city under Four-Power occupation status. This return to normalcy means that the political statute of limitations, which has applied to both German states has finally ended. However, this does not mean that the political and strategic culture for a unified Germany will alter overnight. Josef Joffe describes the basic understanding of contemporary German foreign policy as follows:

...if you look at this century, then two lessons are almost genetically imprinted on you. Whenever Germany tried to go alone, it reaped ever larger disaster, this is World War I, World War II. And when Germany, as [it did] after World War II, pursued its interests in community and multilaterally in international organizations such as NATO and the EU, it flourished beyond belief. And I think together those two historical lessons can explain about 90% of contemporary German foreign policy.²⁴

One distinguishing feature of Germany's foreign policy tradition is its reluctance to define clearly what Germany's national interests are. Some non-German observers argue that the Federal Republic has never conducted a sovereign foreign policy, nor a largely autonomous truly national foreign policy.²⁵ Some German leaders and German "think-tanks" view this as the "pragmatic multilateralists"²⁶ approach to foreign policy, which serves Germany best in an increased interdependent world.

²⁴ Interview with Josef Joffe (co-editor 'Die Zeit') done by Harry Kreisler of the Institute of International Studies (Berkeley University), March 23 2000, available online <<http://globetrotter.berkeley.edu/people/Joffe/joffe-con0.html>> (March 15 2001)

²⁵ Gunther Hellmann, *Goodbye Bismarck? The Foreign Policy of Contemporary Germany*, in *Mershon International Studies Review*, Nr. 40 (Blackwell Publishers 1996), p. 3

²⁶ *Ibid.*, p. 5

Hanns W. Maull, Professor of International Relations at the University of Trier, Germany analyzes the country's embedding in a wider world:

If it is to serve German interests, Germany's new foreign policy can only be conducted against the reality of the diverse regional and global interdependencies which connect the German society, economy and polity with the external world and which create ties rendering partnership with others a precondition of successful German foreign policy.²⁷

This "Einbindungspolitik" (politics of integration) turned out to be a more successful cost-efficient strategy in the Federal Republic's first fifty years than a strategy solely based on national interests. The changing environment after 1990 reinforced this "recipe of successful foreign policy", i.e. Germany continued the multilateralists approach after unification. The underpinning logic is that a destabilized multi-polarized world with increased transnational interconnectedness demands multilateral regulation. A unilateralist foreign policy for Germany, as a non-nuclear middle power, is considered neither wise nor materially possible, as well as politically counterproductive.²⁸

After unification, Germany now significantly larger and potentially more powerful than before, might be tempted to embark on a unilateral course and disembark from European integration.

²⁷ Hanns W. Maull und Karl Kaiser (ed.), *Die Suche nach Kontinuitäten in einer Welt des Wandels*, in *Deutschlands neue Aussenpolitik – Band I: Grundlagen*, (Oldenbourg Verlag 1994), pp. xv-xxv

²⁸ Hellmann, pp. 6 and 9

In contradiction to these fears expressed by some of Germany's European allies, Germany continued its policy of integration with even extra steps to reaffirm its commitment to the European cause.²⁹

The impact of domestic politics and public opinion on foreign policies is significant in democratic regimes; this is especially true for Germany. Public-opinion polls in the aftermath of the re-unification drew a picture of an introverted country with great concern for the environment but with less attention to greater responsibility in the international system.³⁰

Bonn's and Berlin's reluctance to play an active political role in the Middle East, in comparison to London and Paris, is, therefore, no surprise. Since WWII, Germany has kept a low profile toward the region. Whenever the German governments tried to change this and searched for an active stance in one of the region's conflicts, it experienced trouble domestically and internationally. Examples of this are Chancellor Erhard's decision to exchange ambassadors and start diplomatic relations in May 1965 with Israel, thereby hampering Bonn's relations with the Arab states;

²⁹ Schloer, p. 26

³⁰ Six percent of the respondents selected the United States as a model for the unified Germany, whereas 40 percent chose neutral Switzerland (economic prosperity, but military neutrality). Some 75 percent thought that Germany should remain aloof from international conflict. The highest new spending of government expenditures should be for the environment (71 percent), defense came last, behind culture, sport and art. See Gregory F. Treverton, *Forces and Legacies Shaping a New Germany*, in Gary L. Geipel (ed.), *Germany in a New Era*, (Hudson Institute Inc. 1993), p. 69

Chancellor Schmidt's attempt to sell tanks to Saudi Arabia between 1980-2, which was prevented by a domestic pro-Israeli coalition with support of anti-arms export groups;³¹ and the 1990-91 Gulf War, when Chancellor Kohl stated early in the crisis that he was willing to send naval troops to the Gulf in support of the U.S.-led Western alliance against Iraq. This was prevented by the SPD-opposition in the *Bundestag* (German Parliament), who argued that "out-of-area" deployments of German armed forces are against German Basic Law.

Throughout its post-war foreign policy, Germany established firm relations with the Arab states, mostly because of economic interests. The Arab states are the main supplier of oil and a primary concern in trade. The moral obligation to the State of Israel due to atrocities in the Third Reich, however, prevented an unambiguous policy defined by national interests. This explains Germany's dilemma in its polarized Middle Eastern policy; German leadership carefully maintains a political neutral position with considerations of an "evenhanded approach" toward the Middle East.

³¹ Thomas Risse-Kappen, Muddling through mined territory: German foreign policy-making and the Middle East, in *Germany and the Middle East*, Shahram Chubin (ed), (St. Martins Press 1992), p. 177

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III. GERMAN POLITICS IN THE MIDDLE EAST – NORTH AFRICA REGION

The Federal Republic and the GDR were both integral parts of the international system in the Cold War period. German re-unification and the disintegration of the Soviet Union forced this period to an end. The process of German unification, in correlation with the unification of Europe, has a significant impact on German foreign policy. Having these interrelated processes in mind, what are the consequences for Germany's attitudes toward the Middle East or be more precisely, toward the Middle East – North Africa (MENA) region?

In the latest Gulf crisis, Germany was caught up in their own history, preventing it from having an independent Middle Eastern policy. This event, which happened shortly after reunification, also showed that Germany was not yet ready for a new political or strategic culture. German leadership was preoccupied with the challenge of the political and economic reconstruction of East Germany and very limited in their political actions toward the Middle Eastern crisis because political opposition and public opinion objected to any decisive "move".

Chancellor Kohl indicated very early in the conflict that he was willing to send troops to the Gulf to assist the Western alliance against Iraq. He and his Christian Democrats argued that Germany should support the United States in gratitude for Americans backing the German unification.

Their coalition partner, the Free Democratic Party (FDP; or the Liberal Party), continued to argue that the Basic Law forbade any deployments outside of the NATO treaty area, but agreed to a change of the Constitution allowing German troops to participate in future UN peacekeeping missions.³² The opposition led by the Social Democrats rejected in principle German participation in this crisis. They even argued against participation in UN peacekeeping missions saying that every military missions of the *Bundeswehr* outside the Alliance's sphere of influence is constitutionally inadmissible.³³ Only after the German Constitutional Court pronounced a judgment in July 1994 and the *Bundestag* finally voted with a two-third majority for a change of the Constitution, were the so-called 'out-of-area' deployments allowed.

Germany, as a "civilian power" and a large trading nation, but without its own sufficient resources, is dependent on imported raw materials and energy – i.e. low-cost oil of the Middle East. This dependency is one of the main explanations for Germany's Middle Eastern interests. It needs regional security and stability for the sake of its own political economy and for the safety of the governing regimes in the region.

³² Szabo, pp. 101-02

³³ A decision already made at the party congress in Muenster in 1988. Most cited articles prohibited German military involvements outside of the NATO treaty area were Articles 24 and 87a. Article 24 mainly states: "For the maintenance of peace, the Federation may join a system of mutual collective security; in doing so it will consent to those limitations of its sovereign powers, which will bring and secure a peaceful and lasting order, in Europe and among the nations of the world". Article 87a mainly means: "The Federation shall build up armed forces for defense purposes. Apart from defense, the armed forces may only be used to the extent [that is] explicitly permitted by this Basic Law."; Thomas Risse-Kappen, German foreign-policy making and the Middle East, in *Germany and the Middle East*, p. 186; Bundeswehr Under UN Command?, *Die Welt*, 19 August 1990, p. 1; see also Szabo, p. 109

Germany and the other European countries also have a strong interest in containing the development of weapon of mass destruction (WMD) and in their delivery means.

Besides the energy and military security issue, demographics is a third great factor shaping German policy toward the region. Since the recessions in the late 1970s, the influx of 'Guest Workers' into Germany has intensified. Germany became a haven for political and economic refugees from Asia, Africa and the Middle East. Today, some five million foreign workers live in Germany, putting strains on the society. In conjunction with the relatively high unemployment rate (a cost of unification), an anti-foreign sentiment developed that is directed especially against Moslems from Turkey and multi-ethnic refugees from Africa.³⁴ Germany, given the present economic stage, can not afford to take much more foreign workers. Concerns about the development of the political economies in the MENA region are therefore a crucial political issue.

A. CHALLENGES AND RISKS

Following the East – West antagonism, Germany faces new challenges on Europe's periphery, which are regional crises and the possibility of explosive conflicts. Their spectrum ranges from domestic social, ethnic, religious and economic crisis to inter – state rivalries.

³⁴ Szabo, p. 103

In an interdependent world, all states are vulnerable: less developed countries (LDC) as well as highly developed industrial countries. There is an indissoluble link between domestic stability in politics, the economy and the society as well as stability in a broader international setting.³⁵

For Germany and Europe, the Mediterranean is of central importance as a major trade route to the countries of North Africa and the Middle East. Developments in this region, therefore, play a great role for the security and stability of Europe as a whole. The political economies in the Middle East are confronted with regional power ambitions, different degrees of economic and social development, religious and ethnic conflicts and a shortage of resources, especially water. Combined these with the military arms build-up in the region, it is forming a potential problem that might become a threat to the security of all European countries, including Germany. In this context, Germany's concerns are, to a certain extent, affected by military risks, but to a much greater extent by the dangerous impact that the developments have on the economies in this region.³⁶

The dependence on raw materials, migratory movements, free trade relations, the increasing indebtedness of the economies of the Middle East as well as the interdependence of the financial markets are all factors that could interfere with the economic and social structure of Germany.

³⁵ *White Paper on the Security of the Federal Republic of Germany and the Situation and Future of the Bundeswehr*, pp. 31-32

³⁶ *Ibid.*, p. 35

1. Energy Security

Approximately 70 percent of the world's proven oil reserves and more than 40 percent of its natural gas reserves lie in an area called 'the Greater Middle East'. The fast growing energy needs of Asia, including China and India, compete with the United States and Germany for Middle Eastern energy supplies. This leads to significant changes in the patterns of politics and security relationships that have evolved since the energy crisis of the late 1970s, early 1980s and the 1990-91 Gulf War. In the Middle East there is enough oil in the ground to meet global demands into the indefinite future. The problem is getting the oil out of the ground and distributing it to the world market at an acceptable price. The obstacle is less geological or technological; it is rather a political, economic or logistic question, which arises in terms of access to the resources.³⁷

Germany, in conjunction with other European countries, is more dependent on Middle Eastern oil than the United States. Quite likely this will increase, especially because of the growing needs in Germany's Eastern part plus the demands of the newly industrializing countries of Eastern Europe. In 1992, more than 25 percent of the total Middle East oil production went to the European continent. It is estimated that in 2010, eight million barrels a day will be exported from the Middle East to Europe, while 4.4 million barrels a day will go to the United States.³⁸

³⁷ In the definition 'Greater Middle East', the areas: Arabic Peninsula, Israel, Persian Gulf, Caspian Basin and South Asia are included; it is also called 'the strategic energy ellipse'; see Geoffrey Kemp, *Strategic Geography and the Changing Middle East*, (Brookings Institution Press 1997), p. xiii, p. 13 and - map 18 -, p. 113

³⁸ *International Energy Agency (IEA)*; available online <<http://www.iea.org/omrep/2001.pdf>> (February 17 2001); see also Kemp pp. 118-119

In 1999 Germany imported 31.6 million tons of crude oil from the MENA region. This was a reduction of 3.2 percent in relation to 1998, however, because of the higher oil price the value increased by 35.7 percent, in total 7.6 billion Deutschmark (DM; some \$3.6 billion).³⁹

The dependence on Middle Eastern energy sources has a major impact on the political and economic relationships, both within the countries of the region as well as between Germany and its 'fellow' European countries. For the oil producing countries in the region it is vital but very unlikely that the revenues these countries collect from oil export meet the domestic "demands", i.e. achieve social and political stability - "keep the people quiet and the regime in power". The resulting consequences might be unrest and turmoil, which would not only shake the regimes in the region, but also have a great impact on European and German energy security concerns.

2. Demographics

Demographers predict that the population of the Middle East will increase from some 174 million in 1995 to some 500 million in 2025. In Iraq, Jordan, Kuwait, Oman, Syria and the West Bank and Gaza it is expected that the population will more than double by 2025.⁴⁰

³⁹ The import of crude oil was 64 percent of German total imports from the Arab states in 1999. *Deutscher Aussenhandel mit dem arabischen Laendern 1999* (German Foreign Trade with the Arab states); see Bundesministerium fuer Wirtschaft und Technologie (Ministry of Economics and Technology); available online <<http://www.bmwi.de/aussenhandelmitdenarabischenlaendern-1999.jsp>> (April 03 2001)

⁴⁰ Kemp, p. 79

Many countries in the region are experiencing enormous strains on social services as a result of rapid population growth. In areas such as education, labor, housing, health services and basic food supplies, many governments are unable to adequately meet the needs of their people.⁴¹ With modern communications, especially television, the people and citizens of the Middle Eastern countries are becoming aware of their relatively low quality of life compared with other nations in the world, which subsequently leads to frustration and unrest. These continued failings of regional regimes result in cross-border migration, including labor migration and the spillover of population problems from one country to the next as well as to the North beyond the Mediterranean.

The numerous economic and social problems derivative of overpopulation and economic poverty, particularly in the North African countries are building pressure in the Mediterranean countries of France, Italy, Portugal, and Spain, and further into Central Europe. Illegal immigration resulting from this pressure is already creating social tensions and economic concerns within Europe.

Germany, on one hand, has to be more reliant upon foreign labor to outbalance its aging population. On the other hand the already high number of foreigners in Germany's society has created a resentment, centered in the lower-middle class and the working class in large cities with big foreign population.⁴²

⁴¹ Kemp, p. 81

⁴² Berlin, Frankfurt am Main are two examples; Szabo, p. 103

With the implementation of the Schengen Agreement⁴³ Germany nearly becomes a country situated at the “Mediterranean’s Northern coast”, thus being well open to the influx of immigrants across the Mediterranean.

The arena of ethnic and religious conflicts constitutes another threat to stability as it stifles efforts to achieve democratic governance and a more open, liberal, secular environment in the Middle East. Militant extremists are willing to use violence and terrorism. Islamic fundamentalism has risen in Algeria and Egypt and is spreading, a threat not only to domestic political stability, but also to a broader “across and beyond the Mediterranean security”.⁴⁴

From the German perspective, it is not national security in a conventional sense that affects its security concerns. It is rather the security of German and European democratic polities and the well – being and civic order of its societies that are affected by regional domestic instability, due to the economic and social underdevelopment in almost all authoritarian regimes in the Middle East. In addition, criminal spill-over effects and drug trafficking is another major concern of German politics in the MENA region.

⁴³ On June 14 1985 the agreement of Schengen (a place in Luxembourg) over the gradual reduction of “person checks” to the Binnengrenzen (inner boundaries) of Europe between the contracting parties. The parties are Belgium, Germany, France, Greece, Italy, Luxembourg, the Netherlands, Portugal, Spain, and Austria - starting in March 25, 2001 Denmark, Finland, Iceland, Norway and Sweden; available online <http://www.auswaertiges-amt.de/www/de/willkommen/einreisebestimmungen/schengen_html> (April 04 2001)

⁴⁴ Roberto Aliboni, European Union Security Perceptions and the Policies Towards The Mediterranean, in Stephen J. Blank (ed.), *Mediterranean Security Into the Coming Millennium*, (Strategic Studies Institute 1999), p. 125

3. Military Potentials

The long-lasting Arab – Israeli conflict has led to an excessive growth of armaments and a 'military machine' that is out of proportion in the region. During the past 20 years, annual military spending as a percentage of gross domestic product (GDP) has been on an average:

- About 15 percent for Egypt and Syria
- About 17 percent for Saudi Arabia, Jordan and Iraq
- About 20 percent for Israel⁴⁵

Particularly worrisome are the numerous efforts to attain advanced missile technology and weapon of mass destruction (WMD) arsenals. The two gulf wars have proven that long-range ballistic missiles have both a military and a political value. But even with these high figures in military spending, a consensus exists between Germany and its European neighbors that no MENA country is capable of conducting a full military attack on the European continent (with the exception of Turkey with respect to Syria); such a threat has not been taken into consideration. The perception of military challenges and risks in Europe deals primarily with the proliferation of WMD and their delivery means.⁴⁶

Some countries in the Middle East have developed military technology that threatens their neighbors and also impacts Germany's security concerns.

⁴⁵ For comparison: the US spent some 5 percent of GDP in 1999, the average spending in Western Europe was 2.7 percent; available online <<http://www.bullatomsci.org/issues/1995/so95/so95.mil-spending.html>> (April 3 2001); see also Peter N. Schmitz, Military Potentials in the Middle East, in *Die Europaeische Union und der Friedensprozess im Nahen Osten*, (Bundesakademie fuer Sicherheitspolitik 1995), p. 22

⁴⁶ Aliboni, p. 125

India, Pakistan and Israel have effectively established nuclear weapons. In Berlin, the German Federal Intelligence Service (BND) recently issued a report saying that Iraq is pushing ahead with plans to make a nuclear bomb, within the next three years. The BND report also said that Iraq, with the aid of a company based in New Delhi, is building a medium-range rocket capable of carrying a warhead 3,000 kilometers by 2005, reaching European's Southern borders.

Iraq is also believed to be capable of manufacturing solid fuel, which would drastically cut down the time needed to launch to almost the push of a button. The BND also concluded that Iraq is putting a great deal of effort into making chemical weapons while it has increased the number of sites from 20 to 80. It also speculated that Iraq has resumed production of biological weapons.⁴⁷

The potential proliferation of nuclear, chemical, biological, and conventional weapons threatens security and stability in the Mediterranean – Middle Eastern area, but yet this is less of a threat than a risk for Germany; its effects are more diplomatic and political than characteristically military. A comprehensive arms control agreement with an effective verification regime should, from the German perspective, be included in a peace treaty in order to achieve durable stability and peace for the entire region.

⁴⁷ Die Welt (daily German newspaper), available online <<http://www.welt.de/daten/2001/02/24/0224au225024.htm>> (February 14 2001)

However, the problem with arms control agreements is that only democratic states with a system of "checks-and-balances" allow reliable controls. Israel is the only consolidated democratic state in the Middle East, while all other states have authoritarian regimes who are unstable and more or less insecure.

B. FOREIGN POLICY IN THE CONTEXT OF THE ARAB- ISRAELI CONFLICT

1. West German Foreign Policy and the Arab - Israeli Conflict

The patterns of much of Germany's post-WWII foreign policy and foreign economic policy emerged from this historical background. Bound to its Western partner, the United States, and directly influenced by the consequences of the Second World War and the subsequently following Cold War period, West Germany was limited to pursue unilateral national interests and unable to pursue an independent Middle Eastern foreign policy. The complicating factor in this context was and still is the historical legacy to the State of Israel. Without that moral obligation, German foreign policy could have been directed toward fulfilling its vital interests, i.e. first and foremost energy security.

Many Arab leaders regarded West Germany, the former adversary of the colonial powers in the Middle East and a traditional and cultural partner, as a "natural ally". The Arab idea is that Germany and the Arab states together were fighting the same enemy: colonialism, imperialism and Zionism.

Their notions were that the Germans hate the Jews, like the Arabs do.⁴⁸ Thus the Arab states were among the first who established diplomatic relations with West Germany in 1951.

The Arab state were vigorously opposed to and irritated by West Germany's large restitution payments to Israel. However, many of the Arabs thought that this agreement with Israel was forced on the Federal Government by the "western imperialists" and against the real wishes and interests of the German people.⁴⁹ They were, further more quite furious when they heard about secret West German arms deliveries to Israel.⁵⁰ In 1965, ten of the then thirteen Arab states severed diplomatic relations with Bonn. In 1969 many of these states recognized the German Democratic Republic (GDR) as a second German state, a clear breakdown of West Germany's "*Alleinvertretungsanspruch*" (Hallstein Doctrine; Bonn declared to be the only legal successor to the Third Reich). Bonn continued to adhere to the Hallstein Doctrine of breaking relations with any state, except the Soviet Union, which recognized the East German regime.⁵¹

⁴⁸ Michael Wolffsohn, *Eternal Guilt? – Forty Years of German – Jewish – Israeli Relations*, (Columbia University Press 1993), pp. 20-21

⁴⁹ George Lavy, *Germany and Israel – Moral Debt and National Interest*, (Frank Cass & Co. Ltd. 1996), pp. 24-27

⁵⁰ From 1957 on, Chancellor Adenauer maintained a secret military relationship with Israel, but without establishing formal diplomatic ties. Josef Joffe, *Reflections on German policy in the Middle East*, in *Germany and the Middle East*, Shahram Chubin (ed), (St. Martins Press 1992), p. 199

⁵¹ Helmut Hubel, *Germany and the Middle-East Conflict*, in *Germany and the Middle East*, Shahram Chubin (ed), (St. Martins Press 1992), p. 43

During the Suez-crisis in 1956, Bonn was more concerned about the Soviet intervention in Hungary than with the Middle Eastern crisis itself. However, this event confirmed Israel's role as a source of potential conflict in the formulation of West German foreign policy. The U.S. Secretary of State, John Foster Dulles initiated an intense public debate about imposing certain sanctions against Israel because Israel refused to withdraw from the territory it had conquered in the Sinai campaign. Chancellor Adenauer argued that Germany would adhere to its obligations of the restitution agreement and not impose any sanctions against Israel. He viewed Israel's occupation as a transitory issue (Tagespolitik) and Germany's obligation as a fundamental issue (Geschichtspolitik).⁵²

During the Six Day War in 1967, West Germans sentiments continued to be basically pro-Israeli⁵³ (in the German society the perception of the fight of "David against Goliath" existed), while Bonn officially declared neutrality. Although Bonn declared 'strict neutrality' in the 1973 war, it became involved because the United States re-supplied Israel with weapons stored on West German soil.⁵⁴

⁵² Wolffsohn, pp. 21-22

⁵³ 1600 Germans even requested to serve in the Israel Defense Force (IDF); in a public opinion poll, 55 percent expressed its sympathy with the State of Israel. Jungle World 11, *Lieber Teheran als Tel Aviv* – 50 Jahre deutsch – israelische Beziehungen (III), Die Schaukelpolitik nach 1965; available online <http://www.nadir.org/nadir/periodika/jungle_world/_98/11/09a.htm> (April 06 2001)

⁵⁴ Joffe, p. 200

Of interest that Chancellor Brandt and his Foreign Minister Scheel closed German ports to American re-supply deliveries only as it became obvious that Israel would win the war.⁵⁵

The great shift in Bonn's diplomacy toward a more "evenhanded approach" (Ausgewogenheit) happened in the 1970s because of the oil crisis. Like other industrialized countries, Germany was shaken by the surprised use of oil as a political weapon by the Arab states. Together with the United States and other West European countries, West Germany joined the International Energy Agency (IEA) in order to counteract the Organization Petroleum Exporting Countries' (OPEC) cartel by joint consumer action.⁵⁶

Most West Germans supported a foreign policy, which pursues its goals through bilateral or multilateral cooperation with other nations or via international institutions like NATO, EC and the Conference for Security and Cooperation in Europe (CSCE).⁵⁷ The European Political Cooperation (EPC), the foreign policy instrument among the members of the European Community (established in 1969), tried to demonstrate a more active posture toward the economical and political challenges from the Middle Eastern region.

Israel's war in Lebanon, 1982, occurred without any German diplomatic reaction. However, this war shifted Germany's general perceptions of Israel and the Palestinians.

⁵⁵ Wolffsohn, p. 30

⁵⁶ Hubel, p. 44

⁵⁷ Risse-Kappen, p. 179

For Bonn, it was now obvious that the "David" of 1967 has become the "Goliath".⁵⁸ The Jewish state was no longer fighting for existence; Israel now was acting like a regional super-power nation.

2. The "other" Germany and the Middle East

The Second World War division resulted in two different German states with two principally opposed Middle Eastern policies. The German Democratic Republic (GDR) fought in the 1950s for a primary policy goal – gain legitimacy.

For the Middle East, East Berlin (capitol of the GDR) did not establish diplomatic relations with Israel. Unlike West Germany, communist officials never admitted any responsibility for German atrocities against the Jews.⁵⁹ The Communist leadership maintained that since the GDR was a socialist state it was liberated from Hitler and was consequently not responsible for the crimes of fascism.

The GDR supported Israel's Arab enemies in close accordance with the policy of the Soviet Union and the other members of the Warsaw Pact.⁶⁰ East Germany's relations with the Palestinian Liberation Organization (PLO) developed from the early 1970s. The GDR made sure to balance its contacts with the PLO, it developed relations with other Arab states, Syria, Iraq and Libya.

⁵⁸ Hubel, p. 45

⁵⁹ Hubel, p. 47

⁶⁰ The GDR provided Egypt and Syria with military equipment during the 1967 war. *Sueddeutsche Zeitung*, July 7 1990

In 1985 the new Soviet leadership under Gorbachev opened dialogue with Israel following by Hungary and Poland, but the East German regime did not follow. Not until after the "November revolution" in 1989 did the new democratic government decide engage in relations with Israel and talk about material compensation for the "victims of Fascism".

On 12 April 1990, the East German parliament passed a resolution in which it asked "the Jews of the world to forgive us".⁶¹ A few weeks later it started negotiations with Israel on establishing diplomatic relations, however, there was no official comment on the PLO or the Arab states.

3. The New Strategic Culture in Unified Germany in Regard to the Middle East

Germany's orientation toward international cooperation and its restricted attitude toward the definition of national interests, in the sense of a traditional power, requires domestic consensus to some extent among all major political players.⁶² The institutions involved in the foreign policy and decision-making process are first and foremost the Foreign Office (Auswaertige Amt, AA), followed by the Chancellery (Kanzleramt), the Ministry of Defense (MOD; Bundesministerium fuer Verteidigung, BMV),

⁶¹ "We feel sad and ashamed and acknowledge this burden of German history". *International Herald Tribune*, April 13 1990

⁶² Risse-Kappen, p. 179

the Ministry of Economics (Bundesministerium fuer Wirtschaft und Technologie, BMWi) and the Ministry of Economic Cooperation and Development (Bundesministerium fuer Wirtschaftliche Zusammenarbeit und Entwicklung, BMWZ).

The Foreign Office with support of the Ministry of Economics usually takes a more pro-Arab position rather than the Chancellery does.⁶³ The Chancellors and their diplomats are more concerned about a smooth Berlin – Tel Aviv (Jerusalem) relationship, while other agencies have basically the larger, the more economic Middle Eastern interests in mind.

The political institutions carrying out German policies toward the Arab – Israeli conflict and the Palestinian question act in accordance with diverging societal demands. In the context of the Arab – Israeli conflict, the German government is trying to square the circle. On the one hand it tries to ensure Israel's security and fulfilling Tel Aviv's safety requirements and on the other hand the German industry exerts its influence on German leadership desiring to continue the good economic relationship with the Arab states by selling arms and goods to these countries. Interrelated with the latter argument is the fact that since German leadership claimed self-determination for all Germans, it could not refuse this right to the Palestinians.⁶⁴

An active network of transnational relations explains the considerable pro-Israeli attitude, which is present in Germany's society.

⁶³ Wolffsohn, p. 31, pp. 34-35

⁶⁴ German ambassador's speech to the General Assembly of the United Nations on 19 Nov. 1974; Hubel, p. 52

A close Christian – Jewish dialogue and a firm relationship between the Federation of German Trade Unions and the “Histadut”⁶⁵ are the two most important social “players” in this context. The transnational German – Israeli organizations exert some domestic power over Germany’s Middle Eastern policy.

When comparing the extensive relations between Germany and Israel, the political and social contacts with the Arab states are rather limited. However, the weak social interactions are counterbalanced by the considerable German business interests in the region, particularly in the oil-producing countries. The German Mechanical Engineering Trade Association (Verein Deutscher Maschinenbauanstalten) and the Near and Middle East Association (Nah und Mittelost Verein) are the most important trade associations, specifically, directed toward the Middle East that is working under the supervision of the Ministry of Economics on issues of economic policy.⁶⁶ Keeping in mind the dependence of foreign resources and the remarkable investments of German companies in the Arab world one could say that economic relations with the Middle East weigh heavily on policy decisions.

In Germany, party politics, power exerted by interest groups and public opinion play a significant role in the federalist democratic system not only in domestic politics, but also in foreign policy. Although the Federal Republic is a major economic power, it has not developed strategic thinking like France, Great Britain or the United States.

⁶⁵ The Histadut is the major union in Israel with significant influence on Israel’s politics, especially on Labor-led government coalitions.

⁶⁶ Risse-Kappen, p. 184

The countries' political elite continues to point out that the Germans are seeking a post-national identity in the context of European integration and the Atlantic alliance. The language most used by these diplomats is "multilateralism" and "integration", rather than 'geopolitics' and "Machtpolitik" (military power).⁶⁷

The ties with the United States are still strong and firm but they are no longer as vital as they were for Germany's security concerns during the Cold War period. The university-educated young of the postwar generations even view the U.S. as an anti-model of both an unjust capitalism and as an aggressive world power.⁶⁸ The critics of the U.S. pro-Israeli stance in the Middle East Peace Process are slowly becoming more vocal in German political elite. The former Foreign Minister Klaus Kinkel argued that a mediator should be neutral, not biased and considering the legitimate interests of both conflicting parties.⁶⁹ However, the criticism remains kind; Berlin acts prudently, with the firmly established ties with Washington in mind.

Values are changing in Germany society. The perception of the country's security environment, since the disintegration of the Soviet Union is that the Federal Republic is surrounded by friends and military security is no longer a primary concern. Environmental security, civil liberty and quality of life have a greater priority than materialistic values such as economic growth, law and order and country security.

⁶⁷ Ronald D. Asmus, *German Strategy and Opinion After the Wall 1990-1993*, (RAND Corporation 1994), pp. 11-12

⁶⁸ Szabo, p. 104

⁶⁹ Klaus Kinkel, *Die deutsche Nahostpolitik*, (Tagesspiegel, September 13 1997), p. 1

The new emerging leaders are more sensitive to these issues than previous ones. They have a special aversion to the use of military force for conflict solution.⁷⁰

The perception of the State of Israel is also gradually changing; the images of the Holocaust are slowly fading away. Postwar generations do not like to be accused of or blamed for the atrocities as collective guilt occurring during the Third Reich. The well educated people, in addition, view Israel as an occupant of the West Bank and Gaza; they also consider Israel's settlements in the occupied territories and the treatment of the Palestinians as unjust and against international law. The political results of these aspects are a more indifferent picture of Israel and a change in political activities. The political implications on the Middle East could be Germany's future leadership generations being more focused on economic and other "real" interests rather than on an explicitly Israel-biased policy. How soon this will happen depends *inter alia* on Israel's politics.

The latest visit by Chancellor Schroeder to the region is good evidence of how Berlin uses its economic power to exert political influence; "active economic presence" is the new foreign policy concept in the MENA region.

⁷⁰ The dispute between Germany (Europe) and the U.S. over the Kyoto Protocol (stabilizing the atmospheric condition; substantially reducing emissions, especially CO₂) is an example. Ironically, the Foreign Minister Fischer, from the Green Party, was the first post-WWII Minister who made the decision for a deployment of Bundeswehr troops in an armed conflict (Air Campaign in Kosovo). Szabo, p. 105

It distinguishes itself from Foreign Minister Genscher's former "Scheckbuch Diplomatie" (checkbook diplomacy) in such a way that Germany offers economic support only for political service in return. Egypt's Prime Minister Mubarak , for example, has offered German companies to increasingly invest in Egypt. In turn, Schroeder expects Cairo to continue its support to the peace process.⁷¹

Schroeder's visit is a clear sign of Berlin's new political stance in the region. Even when he continuously stated that Germany can only play a supportive role in a higher European concept, all political actors recognized quite well that neither the French Premier nor the British Prime Minister had visited the crisis region. His visit has given Germany great respect in both conflicting parties.

C. ECONOMIC RELATIONS WITH THE MIDDLE EAST

The Federal Republic depends on foreign trade. On a per capita basis, the value of the country's exports is twice as much as Japan and more than three times higher than the United States.⁷²

⁷¹ Chancellor Schroeder visited the crisis region from October 28 until November 01 2000. Michael Inacker, Der Freund und Helfer, in *Die Welt*, November 01 2000, available online <www.welt.de/daten/2000/11/02/1102au200047.htm> (February 22 2001); see also Gerold Buechner, Ein deutscher Europaeer in Nahost, in *Berliner Zeitung*, October 28 2000, available online <www.berlinonline.de/wissen/berliner_zeitung/archiv/2000/1028/politik/0036> (April 04 2001)

⁷² Value of exports per capita (1990) is some \$6,000 in Germany, \$2,800 in Japan and some \$2,000 in the U.S.. Gary L. Geipel, The Nature and Limits of German Power, in Gary L. Geipel (ed.), *Germany in a New Era*, (Hudson Institute Inc. 1993), p. 23

Germany's commitment to economic liberalism includes a distinction between political and economic affairs, which the business community especially supports because they try to remain "apolitical". This distinction becomes increasingly difficult as the state's international economic influence grows. Former President Richard von Weizäcker noted: "Free trade is not just the consequence of détente, it is a confidence-building measure in itself."⁷³ In this sense cooperation and integration are regarded as effective means for influencing another country's actions. Economics is the vehicle to attain political objectives.

German economic relations with the Middle East have largely been shaped by two factors: (1) the economic power of Germany as the biggest exporter of manufacturing goods, relying largely on imported energy (2) the abundance of low-cost oil in North Africa and the Gulf, which provides this energy.⁷⁴

In the aftermath of the 1973 war, the Arab states successfully used oil as a weapon, which caused the enormous rise in oil prices. From September 1973 to the end of that year, the price rose from \$3.01 a barrel to \$11.65 a barrel. The result was a tremendous boom in the Arab world: the Gross Domestic Product (GDP) rose from \$41 billion in 1970 to \$406 billion in 1980.⁷⁵

⁷³ Richard von Weizäcker, Eröffnung des Weltwirtschaftsforum in Berlin am 24.10.1986. Lothar Gutjahr, *German Foreign and Defense Policy After Unification*, (Pinter Publishers 1994), p. 65

⁷⁴ Maull, p. 113

⁷⁵ Aziz Alkazaz, *Die Oekonomie in Nahost in den 80 Jahren*, in *Aussenpolitik* No. 3 / 1988, pp. 256-269

The new wealth of the Middle East produced a sizeable increase in economic interaction and interdependency between Germany and the region. Economic relations intensified, based on the key assumption that interdependency would create domestic and regional stability and a regional order, which subsequently would provide the security required for mutual beneficial economic interaction.

In the late 1980s, in the aftermath of the Iran-Iraq War and the beginning of the Palestinian *intifada*, the economic importance of the Middle East declined dramatically.⁷⁶ Other regions and sources fulfilled Germany's needs, especially oil, reducing Germany's vulnerability in supply disruptions and price manipulations. Trade and economic relations with the region were reduced, international trade with North America and East Asia intensified; moreover, the invention of new technologies decreased the dependence on energy for mostly all major industrial countries.⁷⁷

Foreign trade with the Middle East in 1999 was 1.7 percent, some DM33 billion (\$15.7 billion) of a total foreign trade of DM1.867 trillion (\$889 billion). Germany exported mostly cars, electronics and steel products to the Middle East. The imports from the Arab countries were 1.4 percent of all imports; whereas, two-third of these imports were oil. The most important trading partners were Saudi Arabia and Libya.⁷⁸

⁷⁶ In 1982 West Germany imported 5.6 percent of its total imports from the Gulf region; in 1989 the figure dropped to 1.9 percent. Maull, p. 118

⁷⁷ Maull, pp. 128-129

⁷⁸ *Deutscher Aussenhandel mit den arabischen Laendern*, Bundesministerium fuer Wirtschaft und Technologie (Ministry of Economics); available online <www.bmwi.de/aussenhandelmitdenarabischenlaendern_1999.jsp> (April 2 2001); see also

The case of Libya elucidates Germany's reluctance to impose economic sanctions against states. From the German perspective, sanctions are not considered as effective as cooperation in coping with another country. The economic and political costs associated with sanctions are considered too high, especially for a trading nation.

Germany's unification, the transformation of Europe, and the metamorphosis of the world economy now give a momentum of new economic considerations. Germany, as a powerful Central European state, plays a crucial role in the transition of Eastern Europe. The disintegration of the Soviet Union in conjunction with Europe's integration has opened up markets in Eastern Europe, replacing trade with the Middle East in some areas. Germany directly benefits from this development, while already receiving considerable quantities of raw material, especially natural gas from Russia and the Ukraine. This relieves some political and economic pressure from Germany the becoming too dependent on insecure Middle Eastern oil and being forced on pursuing an active essentially pro-Arab policy, which could interfere with Germany's special relationship with Israel.

1. Technology Transfer and German Arms Sales

The historical legacy of the Third Reich has limited the German role of arms export and military intervention. The Federal Republic Constitution contains a number of provisions, forced by the former allied powers prohibiting or limiting actions that threaten international peace and stability. In addition to these limitations, the West German government constantly argued that the German Basic Law prohibits the use of West German forces outside of the NATO area.

Germany's role in the military sector is somewhat paradox. Revelations in the years 1988 – 1990 made it clear that several German companies had been very active in oil-rich Arab countries, building weapon factories and / or delivering components to produce chemical weapons. The most famous case is the Libyan chemical plant at Rabta, built with secret support by one German company. The German press claimed that other companies were also involved in similar projects. This clear violation of German export laws was possible due to less stringent controls of sensitive exports. It was a substantial contribution to the proliferation of weapons of mass destruction in the region. In conjunction with the pressure generated in Washington, the German Parliament was forced to pass a law (1 July 1990) tightening the export of sensitive export items.⁷⁹

⁷⁹ Article 26.2 of the German Basic Law stipulates that trading arms should not disturb the peaceful relations between nations, unless authorized by the government. Implementation of this law is guaranteed through the Arms Control Law (Kriegswaffenkontrollgesetz) and the Foreign Trade Law (Aussenwirtschaftsgesetz); Risse-Kappen, p. 187; see also Hubel, p. 46

Decisions in Germany on the export of war weapons and other military equipment are mainly based on the Political Principles Governing the Export of War Weapons and Other Military Equipment (Political Principles) of 1982 (amended May 21, 1999) and on the relevant European and international commitments entered into by the German government. The principles of Germany's export policy are reflected in military equipment accounting for only a small proportion of total German exports. Exports of war weapons traditionally account for less than 0.5 percent of all exports, and mainly go to countries which are members of NATO or the OECD.⁸⁰

Arms transfer to Israel can be traced back to the late 1950s when the Federal Republic supplied the Jewish state with patrol boats, motor vehicles and training aircraft and helicopters. Israel, in turn, offered the 'Bundeswehr' the 'Uzi' machine pistol, which proved its usefulness during the Suez Campaign. Through the years, Israel received significant quantities of, mainly U.S.-made, German weapons, including combat tanks, anti-aircraft guns and anti-tank guided missiles.⁸¹

The 'Leopard-2 tank', requested by Saudi Arabia in 1980, became the synonym for Germany's export policy dilemma in the Middle East. Riyadh asked for 300 "Leopard-2 tanks", 1,000 "Marder" (armored personnel carriers) and "Gepard" (self-propelled anti-aircraft gun).

⁸⁰ *German Arms Export*, The International Security Network; available online <<http://www.isn-lase.ethz.ch>> (April 9 2001)

⁸¹ The 'Uzi' is still in use in the 'Bundeswehr'. Lavy, pp. 49-53; see also Efraim Karsh, German arms sales to the Middle East, in *Germany and the Middle East*, Shahram Chubin (ed), (St. Martins Press 1992), p. 139

Chancellor Schmidt viewed this arms deal as a golden opportunity directly promoting German economic interests, serving wider NATO objectives as well as satisfying the U.S. demand for a greater German contribution to the Gulf security.

The Saudi Arabia's hostility toward the Jewish state and the heavy burden of the Nazi past, however, reduced the political debate to a question of whether a lucrative deal should supersede the moral obligation toward the Jews. The debate continued until November 1987 when the issue was quietly dropped in the 'Bundestag'. The uncompromising nature of the Arab – Israeli conflict prevented a lucrative deal.⁸² The Federal Republic was (is) not really independent in its foreign policy decisions; giving military support to one side without automatically alienating the other is a price it can not afford.

2. Trade Relations with Israel

Today, the German – Israeli economic relationship operates intensively and successfully with The Federal Republic being Israel's second-largest trading partner. Trade increased by 15 percent to \$3.3 billion in the first three quarters of the year 2000. The EU – Israel Association Agreement is, in this sense, the vehicle for a very flourishing bilateral trade, which started in 1989 with duty free trade in both directions. In recent years, cooperation between German and Israeli companies in high tech sectors such as information technology, communication and biotechnology has dramatically increased.

⁸² According to the Frankfurter Allgemeine Zeitung, pressure by pro-Zionists in the Federal Republic led to the final denial. Karsh, pp. 141-144; see also Lavy, p. 202

Companies, such as VOLKSWAGEN, DAIMLERCHRYSLER, SIEMENS and DEUTSCHE TELEKOM, are strongly present in Israel, smartly investing in the fast growing 'high-tech market'.⁸³ SIEMENS, for example, began its activities before the formation of the State of Israel. Since the early 1960s, SIEMENS has expanded its activities through its local agents. The Declaration of Principles (DoP or Oslo Accords) in 1993 gave new momentum to business contacts in Israel. At the end of 1998, announced the launching of one of the first cooperative ventures between Israeli- and Palestinian-based companies in the high-tech industry.⁸⁴

VOLKSWAGEN made the largest investment in the Jewish state; it have invested \$250 million in joint ventures. Together with the 'Dead Sea Woks' company, they produce magnesium parts for the car industry. Israel's government supports this joint venture with \$133 million. The knowledge flow between the German and the Israeli markets and politics has increased in recent years, thus promoting an intense relationship in a variety of fields.

⁸³ In 1999, Germany exported some \$2.8billion to Israel and imported around \$1.4billion from Israel. The trade increased by 8 percent from 1998; International Monetary Fund – *Direction of Trade Yearbook 2000*, p. 227; see also *Germany and Israel*, in Background Papers of the Federal Republic of Germany Government Press Office, available online <http://www.germany-info.org/newcontent/gp/gp_2g.html> (April 12 2001)

⁸⁴ Siemens sales in Israel in the fiscal year 1999, amounted to DM178 million (some \$87 million). *Siemens in Israel*; available online <http://www.siemens.com/Daten/Presse-/2001/03/09/israel_en.pdf> (April 11 2001)

German financial institutions are looking for collaboration with Israel. The DEUTSCHE BANK recently opened a representative office in Tel-Aviv and the COMMERZBANK joined a cooperation with DISCOUNT BANK, the third largest bank in Israel.⁸⁵ However, important to note is that the business-flow in both directions. Most of the large Israeli banks have representative offices in Germany. These economic and financial activities assist the Israeli business community in a thorough understanding of the German social market economy.

3. Bilateral Economic Relations and Development Cooperation with the Palestinian Authority

The trade relation between Germany and the Palestinian Authority (PA) is, from the German perspective and in comparison with Israel, insignificant.⁸⁶ It is, however, essential for the Palestinian economy and it gives Berlin a leverage for political activities.

In addition to the donations given by the Federal Republic through the European network, Germany financially assists the PA on a bilateral basis; loans and credits are recurrently given to the Palestinians.⁸⁷

⁸⁵ *Die Deutsch – Israelische Wirtschaftsbeziehungen*, Investitionen deutscher Unternehmen in Israel; available online <<http://www.tradecenter-israel.de/html/beziehungen.html>>, (February 10 2001)

⁸⁶ In 1999, Germany exported some \$37 million to the West Bank and Gaza and imported some \$450,000 from these territories. The imports increased by 125 percent compared to 1998; Bundesministerium fuer Wirtschaft und Technologie (Ministry for Economy and Technology), available online <www.bmwi.de/Homepage/Politikfelder/Außenwirtschaft.html> (February 16 2001)

⁸⁷ In 1999 the PLO received some \$22 million as developing aid. Only Jordan and Iran received more (some \$51 million); Deutsches Ministerium fuer Zusammenarbeit und Entwicklung (Ministry for Collaboration and Development), available online <www.bmz.de/medien/statistiken/stat_03c.pdf> (February 16 2001)

The German business community started a Palestinian-German Business Start-Up Program in 1997 to encourage new and growing businesses in all sectors of the Palestinian economy. As a second project, the Business Idea Forum was launched as an additional initiative to the program exploring specific areas of growth and joining the cooperation of competent partners in the given sectors.

The political situation and the administrative problems of a country in the process of 'official creation' offers very limited incentives for investment by German companies. However, the opening of the office of German industry in 1995 in Ramallah attests the interest of the German business sector. In July 2000, an investment promotion and protection agreement between the PA and the German industry was signed. Trilateral economic projects in the steel industry and the telecommunication sector between Germany, the Palestinian territories and Israel have been created and may serve as a paradigm for future cooperation in other areas.⁸⁸

The Palestinian economy does not have an independent outlet for its exports. All its products must transit through Israel or through Israeli-controlled borders. Palestinian trade is heavily concentrated on Israel: 90 percent of the imports are coming from Israel, 80 of the percent exports are going to Israel.⁸⁹

⁸⁸ German – Palestinian Cooperation, in Background Papers of the Federal Republic of Germany Government Press Office, available online <http://www.germany-info.org/newcontent/-index_news_publications.html> (April 12 2001)

⁸⁹ *Bilateral Relations between the EU and the Twelve Mediterranean Partners*, p. 32, available online <http://europa.eu.int/comm/external_relations/med_mideast/euro_med_partnership/-conf/marseilles/med12_profiles_en.pdf> (February 04 2001)

In times when Israel partially or totally closes the borders to the Gaza Strip and the West Bank, it prevents the PA from freely trading with world markets. The "Al-Aqsa-Intifada", which started in fall 2000, caused the Palestinian economy a greatly decline by 50 percent in its productivity; the results are a loss of \$630 million for the PA budget and a clear deterioration of living conditions for all people living in the Palestinian territories.

Political goals supersede economic interests; however, a positive Palestinian economic development is considered Israel's best long-term security guarantee. In this context the German – Palestinian economic relation is still in its infancy, but will increase, for mutual benefit, when the Palestinian state is officially declared.

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IV. GERMANY AND ISRAEL: A UNIQUE RELATIONSHIP!?

In 1949, one year after the declaration of independence, the state of Israel began to distribute passports, which looked very similar to those of other countries. Only one black postmark that briefly limited the area of validity was conspicuous : "valid for all countries, with the exception of Germany."⁹⁰ Not one of Israel's direct hostile neighbors were excluded, which would have been reasonable; the prohibition applied only to the new German state(s). In response, no Israeli was allowed to travel to Germany. For most Israelis this restriction was not only acceptable, but taken for granted since no Israeli really thought about traveling to Germany. Today the shadows of Hitler's Third Reich atrocities are still hanging over the states and the societies of Israel and Germany.

Sovereign states, in their behavior towards each other, are normally motivated by self-interest. The policies of states can also differ with respect to the past. States can ignore history and, instead, orient policy toward present day or future interests, which in German is called *Tagespolitik*, i.e. day-to-day policy. States can, alternatively, base their actions on historical experience, which is called *Geschichtspolitik*, i.e. politics of history. In this context political decision-making deals with the continuing presence of the past. This historical framework applies to domestic as well as foreign policy and can be a significant factor in the representation and identity of the state as well as of its citizens.⁹¹

⁹⁰ Avi Primor, *Europa, Israel und der Nahe Osten*, (Suhrkamp Taschenbuch 1999), p. 89

⁹¹ Wolffsohn, pp. 12-13

The relationship between, the State of Israel, which emerged in 1948, and the Federal Republic of Germany, established by the victorious allies in the summer of 1949, was strictly determined by *Geschichtspolitik*. The relationship began in 1950 against the background of the Hitler's extermination of millions of Jews. This act of genocide has had a profound impact on the Jewish and the German peoples as well as on both states. At first Israel's leadership neglected the existence of a new German state, until they were forced to negotiate directly on compensation and reparation matters. Israel started the relationship with a claim against the Germans for reparations and material compensation for the horrors committed during the National Socialist regime.

A very sensitive and difficult relationship very slowly developed between both states. On one hand, deals and arrangements for mutual benefit were unofficially and secretly made against public opinion in both states. However, the behavior of West Germany's leadership toward a more rational and pragmatic orientated action changed shortly prior to the establishment of diplomatic relations in 1965. Israel's leadership, on the other hand, had to act upon national interests. From its day of independence, Israel had to fight for survival against bad odds. Surrounded by hostile neighbors, Israel had to search for any possible military, economical or diplomatic support. Therefore, Israel's government arranged, despite opposite public opinion, secret agreements with West Germany, which at first were designed as material compensation but subsequently changed into diplomatic, military and economical aid.

A. FIRST CONTACTS AND THE QUESTION OF DIPLOMATIC RELATIONS

The question of a present-day or future relationship between Israel and Germany began to arise only when the government of Israel drafted claims against Germany. Konrad Adenauer accepted, in principle, that such claims were justified and negotiable. In the end the governments of both countries saw the need to bring about rapprochement.

The international political changes were very important in the development of the relations between both countries. The international political system, which became known in the early 1950s, affected virtually all countries of the world. The developing power struggle between the two superpowers, the United States and the Soviet Union, forced nearly every nation to take a side in this East – West conflict. Thus, both the Federal Republic of Germany and Israel were drawn into the conflict. It was this conflict that indirectly helped the two governments to move toward each other, because both countries were closely linked to the United States.

1. The Restitution Agreement and 'Wiedergutmachung'

Even if the West German Government proclaimed its constitution on May 23 1949, Israel's society and government negated the recognition of this new German state, because of deeply antagonistic feelings.

On 16 January 1951 Israel sent correspondence to the four allies' powers, in which it complained about the meager and unsatisfactory restitution and indemnifying legislation that had existed in West Germany. On March 12, Israel added a very specific demand for compensation and reparations of \$1.5 billion (two-thirds of this was to be paid by the Federal Republic, one-third by the German Democratic Republic) to Israel as a payment for the resettling of 500,000 Jews.⁹²

The Soviet Union never replied to this notes. The Western powers recognized the moral justification for the demand, however, they did not know on what legal grounds to base it. The request had nothing to do with individual compensation; it was a request of the State of Israel. Nonetheless, during the Third Reich era no State of Israel had existed, which meant that Israel and Germany had not been at war with each other and the term 'reparations' was, therefore, not applicable.

The reply of the Western allies to Israel was very cautious. On July 5, 1951 the United States expressed regret that it could not impose on the government of West Germany to pay reparations to Israel. This meant in other words, Israel could no longer ignore the German state if it wanted to get reparations paid. Only direct negotiations would be the right approach to this problem.⁹³

⁹² Lavy, p. 6

⁹³ Inge Deutschkron, *Bonn and Jerusalem – The Strange Coalition* -, (Chilton Book Co. 1970), p. 31

Israel's economic situation at that time was very desperate. Due to the influx of the thousand of survivors, now immigrating into Israel's society, and also because of the Arab – Israeli war(s), Israel had to make use of every source of income it could. Based on the very poor economical situation in Israel and despite opposed public opinion, the government decided to except the existence of a German state and to negotiate directly with Germany. As a precondition to direct contacts with the Germans, the Ben-Gurion Government insisted on a public acknowledgment of guilt on the part of West Germany. Chancellor Adenauer was expected to acknowledge the collective guilt of all Germans for the Holocaust. On September 27 1951, he addressed the German parliament concerning responsibility for the Holocaust and called for "moral and material restitution"; he did not mention collective guilt.

The Israeli government reacted to the statement with caution and skepticism. Yet, it admitted that the statement appeared to be, at least, an attempt of the German government to initiate some measure of moral and material compensation. Additionally it seemed that the German people felt the obligation to compensate the Jewish people, morally and materially, both on an individual and on a collective basis.⁹⁴

There was considerable disagreement within West Germany's society about the need to offer compensation, as requested in Israel's note of March 1951. A few supporters of the former Hitler regime said that no German owed anything to the Jews.

⁹⁴ Deutschkron, pp. 37-39; see also Wolffsohn, p. 14

However, the majority accepted the obligation to compensate those individual Jewish victims who had suffered persecution, survived and immigrated to Israel or to other countries. Compensation to the State of Israel, however, was a different matter. Many West Germans used the legal argument of the non-existence of Israel at the time of the Third Reich crimes in order to oppose the Israeli claim.⁹⁵ Besides the Israeli claim, the Conference of Jewish Material Claims against Germany (known as the Claim Conference) requested compensation for Jews who lived in countries other than Israel. Finally, the London Debt Conference negotiated the amount of the pre-war and war debt Germany, as the successor of the German Reich, had to pay.

Although by 1951 economic recovery in West Germany was preceding well, the complete financial burdens were expected to be around some DM11.5 billion (some \$5.5 billion).⁹⁶ Despite these heavy commitments, the German government under Chancellor Adenauer declared in the 'Bundestag' that it was willing and ready to join the representatives of Jewry and of the State of Israel to bring about a solution of the problem of material restitution.

The negotiations began on 21 March 1952 at Wassenaar, in the Netherlands, and ended at the signing of the 'Restitution Agreement' at Luxembourg on 10 September.

⁹⁵ Polls taken in West Germany at the time revealed that 11 percent of the population saw reparations to the state of Israel as necessary, 44 percent were against any compensation; Wolffsohn, pp. 17-19; see also Lavy, p. 2

⁹⁶ Lavy, p. 7

Germany finally agreed to pay DM3.45 billion (some \$1.6 billion) to the State of Israel and DM450 million (some \$214 million) to the Claim Conference. This payment would be mainly goods and would last over a period of 14 years.⁹⁷ Why did West Germany impose such a heavy burden on the country by making this large compensation payment to Israel? Even if the Germans were under close scrutiny by governments and peoples of their former enemies, by the early 1950s they proved themselves as reliable allies. West Germany had established a firm and stable democracy, which cooperated with the West. The answer to the question can only be that West Germany had accepted a moral responsibility toward the state of Israel and Israel's society and acted out of moral debt.

2. The Question of Diplomatic Relations

The armistice agreements with its Arab neighbors, after the War of Independence, "drove" Israel with relatively stable politics through the 1950s. However, the general Arab attitude has been that the Israelis are foreign intruders, who have taken away land belonging to the Arabs and driven many of its inhabitants into exile. Thus, the Jewish refugees, who were settled in Palestine, created a "new" problem - the Arab refugee. Because of the British 'Balfour Declaration' and the United States' support to Israel, the Arab struggle against Israel was, in the mind of the Arabs a sense, a fight for freedom from western domination.

⁹⁷ This agreement has been renewed several times. In total Germany will pay DM127 billion (some \$60 billion) to Israel until 2030; *Die Beziehung Deutschland – Israel in Moderner Zeit*, available online <<http://www.auswaertige-amt.org>>, (September 14 2000); see also Lavy, p. 11

Israel continued to be heavily dependent on armament delivery. However, both the U.S. and West Germany were reluctant to supply arms to Israel for fear of offending the Arabs. The United States leadership was unsuccessful in bringing the Arab states into their alliance system. Although successive administrations have declared that Israel's survival was a primary American interest, they have to take into account the Middle Eastern situation as a whole.⁹⁸ This mainly means to deny the Soviet Union access to the Middle East.

Israel's government and society believed the Germans must take responsibility for the Holocaust. This belief supports the claim that the Germans owe the Israelis a moral debt and Jews are entitled to special consideration. The Adenauer regime recognized this and made a large restitution payment to Israel. Credit for the successful outcome of the negotiations with Israel must, therefore, be given to Adenauer and his office. His politics and policy with respect to Israel alienated the Arab states, which were bound in bitter conflict with Israel. However, the extension of diplomatic relations between West Germany and Israel was an important step for the integration of West Germany into the Western community while also serving as a trend toward pragmatic, rational politics in the relationship between West Germany and Israel.

But even after the "restitution declaration" of the German parliament in 1951, it was clear for both sides, Bonn and Jerusalem, that diplomatic relations were, as yet, out of the question.

⁹⁸ Witzthum, p. 63

In fact, the mere existence of minimal contacts with West Germany and the debate in the Knesset (Israel's Parliament) on the reparations agreement initiated one of the gravest political crises Israel ever had.

Prime Minister Ben-Gurion's decision stressed Israel's economic need to provide for the resettlement and rehabilitation of the immigrants. A highly controversial debate erupted on this issue and intensified the discord between David Ben-Gurion and Menachem Begin, the opposition leader in the Knesset. Ben-Gurion refused to consider a government coalition with Begin and his Herut party and even refused to call Begin by name in Knesset debates.⁹⁹

In January 1952, Begin came close to proclaiming a rebellion. Israel's citizens demonstrated heavily against contacts with the most menacing country - West Germany. The demonstrators laid siege to the Knesset and threw stones on parliament members.¹⁰⁰ It was Ben-Gurion, as the "Father-figure", as well as the fulfilling of the West German government's program of reparations to Israel that dispersed this crisis. In September 1953, the Israeli government publicly credited the Adenauer regime with having faithfully carried out its bargaining.

In 1963 it was clear that the fulfillment of the agreement would be completed approximately four years ahead of schedule.

⁹⁹ "*Israel* (country)," Microsoft Encarta Encyclopedia 2000.

¹⁰⁰ David Witzthum, Unique dilemmas of German – Israeli relations, in Chubin (ed.), pp. 63-64

This was possible because of the earnest desire of the Adenauer government to speedily meet this obligation and because of the enormous expansion of the German economy in the past decade, making it feasible for West Germany to increasingly divert greater annual amounts of its production to Israeli reparations. The impact on the Israeli economy has been immense. By 1961 West Germany was the second biggest trade partner (behind Great Britain) to Israel.¹⁰¹

The opinion of Israel's society and government toward the establishment of diplomatic relations with West Germany slowly changed. Prime Minister Ben-Gurion made a speech to the Knesset, containing three main points: Israel was interested in maintaining the status quo (the aftermath of the Suez Campaign) in the Middle East as long as possible; Israel would strengthen its defense as much as possible; and Israel was interested in acquiring as many friends as possible in the world, including West Germany.¹⁰²

The West German government responded very cautiously. West German leadership feared the official recognition of the German Democratic Republic by the Arab states as well as the threat of German economy losing some of its good contracts with the Arabs. There was therefore no urgent need to officially establish diplomatic relations.

¹⁰¹ Deutschkron, p. 170

¹⁰² Lavy, p. 41

Israel had built a mission in Cologne with the main purpose of purchasing goods under the Restitution Agreement and supervising the agreement so it worked smoothly. The mission was led by an “ambassador” without diplomatic status. Since the West German Government had no equivalent to the “Cologne Mission” it had to rely on a major West German news agency and its representatives in Tel Aviv to obtain information and the political trends on the situation in Israel.¹⁰³

The West German public (mostly students), opposing its own government, urged its leadership to establish diplomatic a relation with Israel. There was an ambassador in Cairo and Damascus but why not in Jerusalem (Tel Aviv)? Interrelations between Israel’s and West Germany’s citizens had intensified over this last ten years. More and more Germans were traveling to Israel: the number rose from 497 visitors in 1955 to 12,921 in 1965.¹⁰⁴ Most of the travelers were students of political education in Israel on a “semi-official” basis. They in turn invited Israel’s students to visit West Germany.

An opinion poll among Israeli students of Haifa Technical College in 1963, however, concluded that the majority rejected communicating with German students.¹⁰⁵ One explanation for this refusal of the Israeli students was due to a great extent to the unsatisfactory development of West German – Israeli relations.

¹⁰³ Lavy, pp. 31-32

¹⁰⁴ Deutschkron, pp. 165-166

¹⁰⁵ 51 percent of the students rejected, 41 percent had no objections; Deutschkron, p. 184

The media, in the late 1962, additionally brought news about German scientists, who assisted Egyptian President Gamal Abdel Nasser in building a new missile program, primarily targeted against Israel.¹⁰⁶ This also influenced the opinion poll.

In October 1963, Professor Erhard, the successor to Adenauer as chancellor, stated that the question was not whether to engage in diplomatic relations but when. However, he also stated that diplomatic relations with Israel would mean a change of balance in the Near East, as the Arabs would then engage in diplomatic relations with East Germany and, subsequently, with the Soviet Union.¹⁰⁷

Early in 1965 the *Hallstein Doctrine* proved to be an obstacle rather than a helpful instrument of diplomacy when the United Arab Republic (UAR) "blackmailed" West Germany in order to stop armament shipments to Israel. Egyptian President Nasser's invitation to East German leader Walter Ulbricht alarmed the Bonn government and drove it into a crisis. Nasser's behavior was a threat to Adenauer's aim to unify both German states. Nonetheless, Egypt, as the first state outside the Warsaw Pact, was able to establish diplomatic relations with East Germany.¹⁰⁸ The West Germans fell into the trap and broke their "secret arms agreement" with Israel, thereby instigating a lot of criticism and charges of anti-Semitism.

¹⁰⁶ Lavy, p. 61

¹⁰⁷ Ibid., 199-201

¹⁰⁸ Joffe, pp. 198-199

Bonn immediately replied and began negotiations for an exchange of ambassadors with Israel. This, in turn, caused the Arab countries, with the exception of Tunisia, Morocco, and Libya, to break off diplomatic relations with West Germany.

The official date for establishment of diplomatic relations was May 12 1965. The first ambassadors were chosen very carefully, however, there was some initial disagreement in both countries. The man chosen by the West German government was Dr. Rolf Pauls, who served as an officer of the "Wehrmacht". This fact made him unpopular with the Israeli public. On his arrival in Jerusalem, he faced demonstrations as he handed his accreditation papers to Israel's President Shazar. However, the Israeli government accepted him, because he was well-known as a sincere man, who had been an official at the West German Foreign Office dealing with questions of development aid and issues of future economic aid to Israel.¹⁰⁹

Israel appointed Asher Ben-Natan as ambassador. He had been a high official in the Israeli Ministry of Defense who was concerned with the arms delivery by West Germany to Israel under the secret arms agreement. His appointment was, therefore, regarded in Bonn as an "error of judgment" by the Israeli government. A man who was so deeply involved in former arms delivery could further increase Arab suspicions against intensified West German – Israeli relations.

¹⁰⁹ Lavy, pp. 130-133

Nonetheless, because the Israeli government accepted Pauls appointment, Bonn overcame its concerns and accepted Ben-Natan as Israel's first ambassador.¹¹⁰

B. THE STATE OF ISRAEL AND GERMAN UNIFICATION

After many years of improving relations in many fields, Germany is now the second most important partner to Israel behind the United States.¹¹¹ Five dynamic interrelated factors dominate the German – Israel relationship today:

- The Holocaust, a unique responsibility for Germany, with stability and security for the State of Israel
- Both countries, who have common liberal democratic values, wish to continue good relations for mutual benefit
- The peace process in the Middle East, combined with the hope for a long and lasting peace for the people in the region
- The significant part Germany plays in the political and economical relations between Israel and the European Union
- A very intense personal relationship between important actors in both countries, which even resists negative trends and retrogrades¹¹²

In 1990, Israel, confronted with Germany's re-unification, had to redefine its attitude toward the Federal Republic. After a brief reflection in the Knesset, Israel elected, in total consensus between the governing Likud Party and the opposing Labor Party, to pursue the policy of Ben-Gurion.

¹¹⁰ Ibid., 134

¹¹¹ A large area of interrelations is economics. The value of exchanging goods was DM6.37 billion (some \$2.8 billion) in 1998; see *Die Beziehung Deutschland – Israel in Moderner Zeit*, available online <www.auswaertige-amt.org> (February 15 2001)

¹¹² *Die Beziehung Deutschland – Israel in Moderner Zeit*, available online <www.auswaertiges-amt.org> (February 15 2001)

Former President of the State of Israel, Chaim Herzog, gave the following statement in an Israeli television program on 6 October 1990:

...Ben Gurion laid down Israel's policy towards Germany, and that is the applicable policy to this very day, even with Germany reunited. In other words, the most precious asset the Jewish people have is the state of Israel, its future and its security. That was the basis of his policy with regard to Germany in the past, and it ought to continue with regard to the future.¹¹³

In Israel's society, Germany's unification was viewed very differently. Sixty-five % of the population was positive toward unification, while 35 % were anxious. 'Maariv', the second largest newspaper in Israel, wrote, "Germany's reunification can not be prevented, however, everyone who loves his life should be on one's guard, because of Germany's reunification, now the "Fourth Reich" evolves in the Heart of Europe"¹¹⁴

Many Israelis have an indifferent portrayal on Germany, strengthened by the media, particularly television. On the one hand, there is a kind of admiration for the German traits of efficiency, courtesy and technical and cultural attainment. On the other hand, there is a feeling of fear, in manifestation of neo-Nazism, isolationism and hostilities against foreigners in Germany. Germany is invariably seen as far stronger and more menacing than other countries, even if, over the years, diplomatic relations have expanded beyond into the culture and other links.¹¹⁵

¹¹³ Witzthum, p. 72

¹¹⁴ *Die Beziehung Deutschland – Israel in Moderner Zeit*, available online <www.auswaertigesamt.org> (February 15 2001)

¹¹⁵ Witzthum, p. 78

In terms of political practice, both countries view each other as a 'special case'. Israel received more German aid, more frequently, than any other country. This favored, in some sense, Germany's economy. The interests of its own economic policies or industry dictated Bonn's political aspirations toward Israel. Israel's leadership also treated Germany in accordance with its own needs and interests, frequently diverging from the line of public opinion and that of Jewish organizations.

Two months before the formal reunification of Germany, the Gulf crisis emerged and with it a big burden on German – Israel relations. Iraq's President Saddam Hussein fired 'Scud' missiles (surface-to-surface) against Israel; German know-how brought Israel within the range of the Scud's. A gigantic anti-German demonstration erupted as reports by Israel's media were published stating Germany also helped Iraq to develop gas weapons for mass construction. Many Israelis came to associate the missile attacks, possibly equipped with chemical warheads, with the Holocaust, and the annihilation of millions of Jews in gas chambers. Germany's government frantically reacted trying to appease Israel's society. Chancellor Kohl proclaimed:

Israel should know that it can count on our solidarity in these dark days. [By delivering defense material], we act according to the special responsibility [the Federal Republic] has always demonstrated toward Israel.¹¹⁶

Besides many high-ranking delegations from all political parties, Foreign Minister Genscher was sent to Israel, with a DM250 million check in hand, to deal with this unpleasant business.

¹¹⁶ A declaration before the 'Bundestag' on January 30 1991. Cited in Joffe, p. 205

He pledged monetary and military assistance. "Hawk" anti-aircraft missiles and "Patriot" anti-missile missiles were delivered to Israel in order to defend Israel soil against further attacks. Additionally, only after a few days, a "shopping list" was drawn up by Israeli leadership, including two new submarines, build by German shipyards for Israel's navy.¹¹⁷

C. NORMALCY AND THE END OF THE PAST

The new multi-polar world order in the post-Gulf War era influences both countries and their behavior toward each other. The dramatic changes in the early 1990s changed the roles of both countries as actors in the international system. Israel continued to realize that Germany, despite initial uncertainties eventually made tremendous efforts for Israel's strategic and economic survival.

The existence of Israel confronted the Germans with their national history, especially with their National-Socialist history. The conduct of normal pragmatic policy, based on present-day and future interests, appears nearly impossible with the continuing presence of the past. Germany's first state actions toward Israel were, therefore, more determined by a 'moral debt' caused by the legacy of the Hitler regime than by national interest. Over half a century after the holocaust, German diplomacy still pays tribute to a special obligation to Israel.

¹¹⁷ Witzhum, p. 82

The holocaust, as President Richard von Weizsaecker put it on 3 October 1990, the official day of reunification, was the most horrible of crimes, and shall forever remember the victims.¹¹⁸

Today, 36 years after the establishment of diplomatic relations, both countries have established a viable, interactive network of political, economic, social and cultural ties. These close ties are still viewed against the background of the Holocaust. The present German ambassador to Israel, Rudolf Dressler notes:

Relations between German and Israel are special and must never normalize themselves in the sense that we [the Germans] have normal relations with Holland or the United States. We [the Germans] feel co-responsible that the existence of Israel be guaranteed, and the political consequence is that, when in doubt, we [the Germans] side with Israel, because that is our unique duty.¹¹⁹

The acting president of the Federal Republic, Johannes Rau, argues, "the question is often asked whether, given the past, there can be such a thing as normality between Germans and Israelis... the only answer I can give is "No". The relationship between our countries will always be a special one... By learning the lessons of the past we build our common future."¹²⁰

¹¹⁸ Joffe, p. 205

¹¹⁹ Interview with Rudolf Dressler, in *The New York Times*, March 4 2001, available online <<http://www.nytimes.com/2001/03/04/world/04GERM.html>> (March 06 2001)

¹²⁰ President of the Federal Republic, Johannes Rau, in a speech before the Israeli Knesset. Cited in *Germany and Israel*, in Background Papers of the Federal Republic of Germany Government Press Office, available online <http://www.germany-info.org/newcontent/gp/gp_2g.html> (March 15 2001)

Israeli leadership acknowledged this view. The then Prime Minister Ehud Barak replied to the German President's speech that Germany today is one of Israel's most important friends in Europe and that both countries have a special relationship. This can be used as an example for overcoming the past while not forgetting, for a moment, what can never be forgotten.¹²¹

The past is not forgotten; Israeli politicians continue to remind the Germans of this fact. In dealing with the legacy of the Hitler regime, the Federal Republic has legislated and implemented a comprehensive system of restitution. German compensation and restitution for individual suffering, loss of life, health and liberty are to date a total of over DM100 billion (some DM200 billion in today's value, \$104 billion) plus DM1.2 billion (\$624 million) annually for about 100.000 pensioners.¹²²

On the other hand there are signs that both states are in the process of adjusting their foreign policies to the realities of the new international system and normalizing their relations. The younger generation of politicians in both states are able to differentiate between the Holocaust and "businesslike Realpolitik". Critics on Israel's policy toward the Palestinians has nothing to do with anti-Semitism. German general policy is to fight violations of human rights and international law, this includes Israeli actions against the people in the West Bank and Gaza.

¹²¹ Speech by Prime Minister Barak to the Knesset on February 16 2000 in Honor of Federal Republic of Germany President Rau, available online <<http://www.Israel-mfa.gov.il/mfa/go.asp?MFAH0gno0>> (April 16 2001)

In this context State Minister Volmer called for a stop of Israel's settlements in Palestinian territories during his speech about the situation in the Middle East in the German Parliament in December 2000. However, to balance his call he also asked the PA to cease violence against Israeli citizens.¹²³

The perception that the relationship has reached a new stage also exists in the societies of both states. Public opinion polls reflect these perceptions: 76 percent of all German respondents are (again) sympathetic with the State of Israel but view it as "a state like any other" while 64 percent of all Israelis agree that a "new Germany" exists.¹²⁴ The moral obligation to the Jewish state changed in quality over time but it is still a very sensitive issue in Germany's society. "Anti-Semitism" and "neo-Nazis" are highly emotional expressions in the German mind. Although very good interrelations have been established between both states, normalcy in Jewish – German relations is not yet possible. Jewish institutions and public figures need police protection and associations with "Jews" are still like "Auschwitz" and "Endloesung" (final solution).

¹²² *German Compensation for National Socialist Crimes*, in Background Papers of the Federal Republic of Germany Government Press Office, available online <http://www.germany-info.org/newcontent/np/np_3g.html> (March 15 2001)

¹²³ Speech about the current situation in the Middle East in the German Parliament on December 08, 2000, available online <www.auswaertiges-amt.org> (February 15 2001)

¹²⁴ Public opinion polls taken by the EMNID Institute in Germany (1991) and the PQRI Institute in Israel (1991). Israel's popularity has been in steady decline since the late 1970s but increased dramatically in February 1991. Wolffsohn, pp. 111-112

Regardless that some right-wing parties have recently entered 'Laender parliaments',¹²⁵ it is out of the question that Germany's successful and prospering democracy will return to a dictatorship regime. The changes in attitude toward Israel are predicated on the Germans not forgetting the past nor allowing the moral debt to supersede national interests.

D. GERMANY'S POLICY VIS-A-VIS THE PALESTINIANS

Following the Six Day War of June 1967, for over 20 years Germany saw only a refugee problem in the Palestinians. The "Palestinian Question" was first treated in conjunction with Chancellor Brandt's politics of détente and his goal to achieve a larger political and economic stance in the Middle East. West Germany was the first EC member to stress the Palestinian rights of self-determination in 1974. Since German leadership claimed self-determination for all Germans, it could not really refuse this right to the Palestinians. To counterbalance this declaration toward Israel, Bonn made Palestinian self-determination dependent on Israel's existence in "secure borders".

During the 1970s and 1980s, relations with the PLO were on a low level; no West German politician had ever met with Yassir Arafat. However, Chancellor Schmidt's "politics of new assertiveness" led to a less "Israeli-biased", more objective policy on the "Palestinian Question".

¹²⁵ Lavy, p. 213

He took the offensive and argued against an Israeli expansionist settlement policy, for the Palestinian right of self-determination and for a Palestinian state. The then Israeli Prime Minister Menachem Begin reacted very undiplomatically saying that a country that had killed six million Jews should not make recommendations to Israel.¹²⁶

An example of Bonn's diverging responsibilities and interests in the Israeli – Palestinian conflict was the Venice declaration of the European Council on June 13, 1980, in this German leadership again stressed the Palestinians right of self-determination and the necessity to include the PLO in the negotiations on a peaceful termination of the conflict.¹²⁷ However, Bonn was acting cautiously on this issue by not contradicting the United States or criticizing Israel.

Since reunification and the signing of the "Oslo Accords" between Israel and the PA, Germany has been successfully pursuing a "quiet and calm diplomacy" ("stille Diplomatie") in the Israeli – Palestinian conflict, either as a single national approach or through a multinational network. Evidence of this is Germany's absence in casting its vote regarding the condemnation of the Israeli settlement policy in East Jerusalem (Har Homa) in the UN General Assembly in March 1997 and Chancellor Schroeder's trip to the region in the aftermath of Ariel Sharon's visit to the Temple Mount in late September 2000.¹²⁸

¹²⁶ Ludwig Watzal, *Peace Enemies*, (PASSIA Publication 1999), p. 204

¹²⁷ Hubel, pp. 44-45

¹²⁸ Schroeder promised to assist Israel in the liberation of four soldiers, who were taken hostages by the 'Hizbollah'; he also offered Yassir Arafat treatment for 50 heavily wounded children in German hospitals. *Die Welt*, available online <<http://www.welt.de/daten/2000/11/02/1102au200047.htm>> (February 04 2001); see also Watzal, p. 206

Within German politics and society there is a sympathetic trend in terms of the "Palestinian question". Some politicians and intellectuals view Israel as the "regional hegemon", which had occupied the territories in the 1967 War. In their opinion Israel should back away from its "hardliner position", open the Palestinian political economy and earnestly support the creation of a Palestinian state. Germany's policy toward the Palestinians cannot be considered regardless of the Arab. The Arab states view the Federal Republic as more of an honest mediator than the United States, this means that a German engagement in a mediating role could be beneficial for both sides. Israel could also benefit from such an engagement because of the "moral debt" as leverage and its intense bilateral relations with Germany.

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V. GERMANY, THE EUROPEAN UNION AND THE MIDDLE EAST

The role Germany is playing in Europe has changed. The unified state is a highly influential civilian power in the heart of Europe. Surrounded by friendly, democratic and cooperative states, the Federal Republic is the advocate for a deeply and widely integrated Europe. In conjunction with its neighbors and its senior partner, the United States, Berlin struggles for democratization, security and economic prosperity for the whole of Europe and beyond its borders.

Germany with its integrated multilateral approach to foreign policy is the propeller for a united Europe. It has been the driving force behind the implementation of the Maastricht Treaty on European integration, which was the foundation for a Common Foreign and Security Policy (CFSP).¹²⁹ Pursuing its national interests through European supranational institutions is politically much more promising than following a unilateral national path. With its integrated European policy, however, Berlin faces a dilemma. A strongly united Europe with a clear dedication to its own security policy could undermine the Atlantic Alliance and lead to a lessening of Germany's "senior partner" commitment to Europe. However, Germany and Europe need the U.S. for the foreseeable future, as a "partner in leadership" possessing strategic capabilities that the Europeans do not have and as an ally struggling for the same values in the international environment. A self-confident Europe, on the other hand, competes with the U.S. and Japan for access to lucrative markets in the global economy.

¹²⁹ Schloer, p. 37

During Germany's second presidency of the EU (1999) a constant backing of the Middle East Peace Process was one of its top priorities. The Federal Republic has sought to consolidate the European role in the peace process and to further coordinate effective efforts with the US to bolster the role of the EU in the peace process.

Europe is changing also. It is in the process of becoming a political player with a single voice in the international system, which is not as militarily powerful as the United States, but it is, nevertheless, of equal value in economic and monetary terms.¹³⁰ Europe's old political and strategic order is no longer in force. The break-up of the Soviet Union and the disintegration of the Warsaw Pact resulted in a radical transformation of the political structure. The European strategic geography, however, presents an inconsistent picture, in the West the complex system of interrelationships has gradually deepened and the process of integration continues, while the political economies in the East and the Southeast of Europe are fragmented and mostly characterized by centrifugal tendencies.

The risk of a major war in Central Europe has been replaced by a multitude of risk factors of a different nature in a broad spectrum, which mostly happens on Europe's periphery.¹³¹

¹³⁰ Karsten D. Voigt, Coordinator for German-American Cooperation, Federal Foreign Office, Berlin, *The Discussion on ESDP as Part of the Birth Bangs of a New Atlanticism*, Address at the Naval Postgraduate School Monterey (February, 14 2001), p. 2

¹³¹ *White Paper on the Security of the Federal Republic of Germany and the Situation and Future of the Bundeswehr*, pp. 25-27

These challenges and risk factors might comprise far reaching consequences that hamper Central Europe's political and economic abilities, including of Germany's.

The world economy deepens and continues to expand, moreover, Asian countries' participation in the economic system increases. This means that the Mediterranean will become even more important as a major route for the movement of vital resources. The international interdependent system cannot tolerate interruption and risk, and thus the region requires stability. The European Union's relations with the countries to the South and to the Southeast of the Mediterranean are based on a policy, which reflects the economic, political and strategic importance of the region to the EU. The Middle East region, with the Mediterranean as a 'bridge', is an area of increased political and security interest to Europe.

The demographic factor combined with political instability and a growing gap in living standards promotes growing tension between Christian Europe and the Muslim countries of the Middle East.¹³² Many Western analysts view the security concern of the Middle East in the context of a broad Mediterranean security issue.

¹³² Szabo, p. 93

Stephen J. Blank (Research Professor at the Strategic Studies Institute, U.S. Army War College) argues that

... the [Mediterranean] regional agenda goes from Algeria's civil strife or Turkey's Kurdish insurgency to include Lebanon, the peace process, Israel's overall relations with its Arab neighbors, the whole Balkan cauldron, pervasive economic backwardness throughout most of the former Ottoman empire, the use of transnational crime including narcotics trafficking, proliferation of weapons of mass destruction, and, of course, the activities of the great powers in areas of long-standing rivalry and intervention.¹³³

Among European countries national positions still prevail, however, the European Union¹³⁴ is developing a Common Foreign and Security Policy, which puts emphasis on Europe's "Southern flank". Europe's interest in the Middle East lies mainly in access to the energy resources in the region, but in an increasingly interdependent world, Europe's objectives are not solely energy related. The states of Europe need political, economic and social stability in the Middle East, (1) for their own prosperity, in terms of economic growth and free movement of goods (2) for the well-being of the countries in the region; without this Europe would be confronted with mass influx of immigrants coming across the Mediterranean that would shake its political, economic and social order.

¹³³ Stephen J. Blank (ed.), *Mediterranean Security Into the Coming Millennium*, (Strategic Studies Institute 1999), p. 2

¹³⁴ Today, 15 European countries are members of the EU. The enlargement includes Sweden, Finland and Austria; 13 other countries negotiate with the EU about accession. This fact given, it can be said that the EU represents Europe, with the exception of Russia and the Ukraine, as a whole.

The aims and goals of the Euro – Mediterranean Partnership, like political and economical cooperation with the nations of the Middle East, are laid down in the “Barcelona Declaration”. Both the EU Council and the European Commission have identified this region as special priority for the EU. However, while the EU has a “high level” of influence in terms of economic relations and financial aid in the Middle East, it still has a “less intensive” importance in pure political aspects because of the (still) hegemonic stand of the United States in the region.

Two important factors shaping Europe’s policy toward the region (1) the demographics of the area; for a generation Europeans have suspiciously watched the “population bomb” on the southern and eastern borders of the Mediterranean, (2) Europe’s economic interdependence with the Middle East. Europe is by far the most important trading partner of the Mediterranean Middle East (Tunisia and Turkey exchanging two-thirds of their foreign trade with the EU). Countries, like Egypt and Israel, import more from the United States, but the values of import and export summed together, the EU is their more significant partner.¹³⁵

In the Middle East Peace Process (MEPP), the EU has been trying to become the second main “referee” besides the United States.

¹³⁵ Ellen Laipson, *Europe’s Role in the Middle East* in Middle East Journal, Volume 44 No. 1, Winter 1990, pp. 8-9

The EU is the largest donor of non-military aid to the MEPP (some 179 million euro [some \$159 million] a year is given to the Palestinian Authority in direct support for the refugees).¹³⁶ The EU's position on the MEPP, as a major global political and economic actor was at first officially expressed in the Venice Declaration in 1980 and reaffirmed by many subsequent meetings.

The Arab states lost trust (if they ever had any) in the United States as the mediator in the Arab – Israeli peace process. The Arab states would like to see the EU more involved. The European problem, however, interrelated with the MEPP is that no clearly identifiable European position exists. Every European nation has its own political and economic stand in the Middle East. The EU countries still compete among themselves for influence and access to markets and for lucrative arms contracts. This is the major internal challenge for the EU - “to speak with one voice toward the “outside” world”.

A. EUROPEAN POLICY FORMULATION AND IMPLEMENTATION

VIS-À-VIS THE MIDDLE EAST

Over the past half century, European countries have been building a successful system of European cooperation and integration. It started in 1952, when Belgium, France, Italy, Luxembourg, the Netherlands and West Germany formed the European Coal and Steel Community (ECSC).

¹³⁶ *The EU and the Middle East Peace Process* available online <http://europa.eu.int/comm/external_relations/med_mideast/mideast_peace_process/index.htm>, p. 2 (February 04 2001)

The European Political Cooperation (EPC), the foreign policy instrument among members of the European Community, tried to demonstrate a more active posture toward the economical and political challenges from the Middle East region. This cooperation was the first European institution, which was exclusively related to foreign policy. Its purpose was to ensure mutual understanding among the member states and their solidarity on major international policy problems.

The Euro-Mediterranean Partnership Initiative (EMPI) or, as it is also called the "Euro-Med" approach pursued by the European Union (EU) since 1995, aims at promoting the overarching policy goals of "peace, stability and prosperity" through bilateral partnership agreements. The ambitious goal, which drives all actions attributed to the partnership, is a Euro – Mediterranean free trade zone being established by 2010. This area would constitute the biggest free trade area in the world, covering 600-800 million people in some 30-40 countries.¹³⁷

On June 19, 2000, the European Council adopted a common strategy on the Mediterranean region: "The Mediterranean region is of strategic importance to the EU. A prosperous, democratic, stable and secure region, with an open perspective towards Europe, is in the best interests of the EU and Europe as a whole."¹³⁸

¹³⁷ It would be the second largest, if the negotiations about the establishment of a 'Free Trade Area of the Americas' will succeed. Mohammad El-Sayed Selim, Arab Perceptions of the European Union's Euro – Mediterranean Projects, in Stephen J. Blank (ed.), *Mediterranean Security Into the Coming Millennium*, (Strategic Studies Institute 1999), p. 143

¹³⁸ *Common Strategy of the European Council of 19 June 2000 on the Mediterranean region*, (Official Journal of the European Communities 22.7.2000), Para 1

For the implementation of this common strategy the EU institutions and all member states' institutions are acting in accordance with the CFSP and the treaties attributed to it.

1. The Common Foreign and Security Policy

The EU Common Foreign and Security Policy was established with the Maastricht Treaty and came into force on November 1, 1993. The provisions of the CFSP were revised by the Amsterdam Treaty, which was signed on October 2, 1997¹³⁹ and came into force on May 1, 1999.

The CFSP, strongly promoted by Bonn, was introduced as the result of a desire to better equip the Union for the many challenges it faces at the international level. This was accomplished by providing it with new means of taking action in areas of foreign relations other than the traditional community ones (mainly trade policy and development cooperation).¹⁴⁰ With the CFSP, the European Union can make its voice heard on the international stage and express its position on armed conflicts, human rights and any other subject. The Treaty also provides the Union with a common security policy that covers all matters relating to its security, including the gradual formulation of a common defense policy.

¹³⁹ *Facts about Germany*, Government of the Federal Republic of Germany, (Press and Information Office of the Federal Government 1997), p. 235

¹⁴⁰ *The Amsterdam Treaty*, available online
<<http://www.europa.eu.int/scadplus/leg/en/lvb/a19000.htm>> (February 05 2001)

The Common Foreign and Security Policy is not implemented in the same way as the other community policies (i.e. agricultural policy, environmental protection). Because of the sensitivity of issues related to the CFSP, the Treaty is implemented via the European Council. The European Council brings together the Heads of State or government of the fifteen member states of the European Union and the President of the European Commission.¹⁴¹

At the meeting in Vienna in December 1998, the European Council agreed on the need for a representative to assist in policy formulation and implementation and act on behalf of the Council, when conducting political dialogue with third parties. The Council appointed Javier Solana as the High Representative for the CFSP. He receives additional support from "special representatives", who are appointed with a mandate related to particular policy issues for selected regions (Mr. Moratinos is the current special envoy for the Middle East).

2. The Euro-Mediterranean Partnership (Barcelona Process)

The security in the Mediterranean cannot be considered solely in military terms. Its political and economic dimensions must also be taken into account. The close connection between the political, economic, military and social aspects of security in the region are best served with a multilateral approach.

¹⁴¹ The European Council should not be confused with the Council of Europe (which is an international organization) or with the Council of the European Union. The Council of the European Union is composed of ministerial representatives of each member state. CFSP matters are dealt with by Foreign Affairs Ministers in the General Affairs Council; see <http://www.europa.eu.int/cfsp/0100.htm> (April 02 2001)

This concept fits perfectly with Berlin's general attitude to foreign policy. The recognition of these facts led to the Euro- Mediterranean Conference of fifteen EU members and twelve non-EU Mediterranean states, held in Barcelona on November 27 – 28 1995.¹⁴²

The Barcelona Process is centered around three issue areas: (1) political and security cooperation, (2) economic and financial cooperation, and (3) social, cultural and human cooperation. The process marked new strategic relationship going beyond the traditional areas of trade and economic cooperation.

The three goals are

- The creation of an area of peace and stability based on fundamental principles, including respect for human rights and democracy
- The creation of an area of shared prosperity through progressive establishment of free trade between the EU and its partners and among the partners themselves in view of the creation of the wider Euro – Mediterranean free trade area by 2010. This process is accompanied by substantial financial support from the EU for economic transition to help partners deal with the social and economic challenges which come with transition.
- The improvement of mutual understanding among the people of the region and the development of an active civil society.¹⁴³

¹⁴² The 12 Mediterranean countries are: Morocco, Algeria, Tunisia, Egypt, Israel, Jordan, the Palestinian Authority, Lebanon, Syria, Turkey, Cyprus and Malta; Libya has observer status; available online <http://europa.eu.int/comm/external_relations/med_mideast/mideast_peace_-process/index.htm>, p. 1 (February 04 2001); see also Selim, p. 143

¹⁴³ *Communication between the Commission of the European Union and the Parliament*, available online <http://europa.eu.int/eur-lex/en/com/cnc/2000/com2000_0497en01.pdf> pp. 2-3 (February 05 2001)

Financially, the partnership was supported with over nine billion euro (some \$8 billion) from the common budget as well as loans from the European Investment Bank for the period of 1995 to 1999¹⁴⁴; similar levels of annual commitments were approved in 1999 for a second phase (MEDA-II) from 2000 to 2006. The Barcelona Declaration principles and aims are largely inspired by the model of cooperation and integration of the EU itself. Obviously, the evolution and implementation of policies and confidence-building measures take time and constitute long-term objectives. Until today, only a few concrete steps toward political implementation of the goals have been taken.

The creation of a free trade zone, as the most important practical policy objective of the partnership, is regarded as a means to create sustainable growth, attract more Foreign Direct Investment (FDI) and, thus, achieve sustainable development in the countries of the region. Additionally, a social component is attached to the Barcelona Declaration in order to avoid possible political instability caused by negative impacts resulting from liberal economic reforms.

The Barcelona Process is underpinned by a network of bilateral relations between each country and the EU, embodied in association agreements. The involved countries perceived this multilateral process very differently. Israel acknowledged the need to respond positively to the European proposal and signed, as the first country, the association agreement in 1995.

¹⁴⁴ In total 9.094 billion euro (\$8.09 billion): 4.422 billion euro (\$3.93 billion) in the Middle Eastern Development Aid Program (MEDA) and 4.672 billion euro (\$4.15 billion) as loans from the European Investment Bank (EIB); available online <http://europa.eu.int/eur-lex/en/com/cnc/2000/com2000_0497en01.pdf>, pp. 16-17 (February 05 2001)

The Arab countries have generally accepted the principle of establishing a Euro – Mediterranean Partnership, however, there is severe criticisms of the process. Arab businessmen are concerned that the process will create a system of vertical cooperation between each Arab country and the EU, thereby threatening horizontal Arab cooperation.¹⁴⁵ They also fear that the process will lead to an erosion of Arab indigenous industries because these companies are not able to compete with European industrial production. Further, the Arabs are reluctant to the proposal because they perceive the issue of elimination of weapons of mass destruction as a European focus on chemical and biological weapons, leaving the Israeli nuclear arsenal untouched.¹⁴⁶ The Arab countries are, consequently, more or less reluctant and ambivalent partners in the Barcelona Process.

3. The Euro-Mediterranean Association Agreements and Economic Aid

The strategy of the Barcelona Process is the establishment of bilateral agreements with all Mediterranean partners. In 1994 the European Council declared that Israel, on account of its high level of economic development, should enjoy special status in its relations with the European Union on the basis of reciprocity and common interests. The association agreement establishes for the first time an institutional political dialogue between the EU and Israel.

¹⁴⁵ Selim, p. 149

¹⁴⁶ Ibid., pp. 154-155

This represents a new development in the already very close relations, which existed between Israel and the EU. In addition to the political dialogue, the association agreement sets up a large number of areas for possible future co-operation. For example, in the field of economic cooperation, the agreement covers areas, such as industry, energy, information infrastructures and telecommunications, transport and tourism.¹⁴⁷

Further (interim) agreements are in force with Tunisia and Morocco; Egypt recently signed the partnership agreement and the agreement with Jordan has been signed but yet not ratified.¹⁴⁸ Additionally, the EU has concluded an EU-PLO Euro-Mediterranean Interim Association Agreement for the benefit of the Palestinian Authority which entered into force on July 1, 1997.

The European Council has engaged Israel's leadership stressing the issue that Israel understands freedom of trade should be for all. Israel's cooperation is a key factor in achieving the effective inclusion of the Palestinians in the Euro-Mediterranean Partnership. The Palestinian Authority does not have an independent outlet for its exports. All its products must transit through Israel or through Israeli-controlled borders.

¹⁴⁷ *Bilateral Relations between the EU and the Twelve Mediterranean Partners*, pp. 9-10; available online <http://europa.eu.int/comm/external_relations/med_mideast/euro_med_partnership/conf/marseilles/med12_profiles_en.pdf> (February 09 2001)

¹⁴⁸ *Communication between the Commission of the European Union and the Parliament*, p. 16 and *Egypt signs partnership agreement with Europe*, Middle Eastern Times; available online <http://www.metimes.com/2K1/issue/2001-5/egypt_signs_partnership.htm> (February 09 2001)

Palestinian trade is heavily concentrated on Israel: 90 percent on imports coming from Israel, 80 percent exports going to Israel.¹⁴⁹ At times when Israel partially or totally close the borders to the Gaza Strip and the West Bank, it prevents the Palestinian Authority from freely trading with world markets, including Europe, which is the second main source of its imports.

The EU has given the Palestinians 256 million euro (\$228 million) as aid in the period of 1995-1999. Since the end of November 2000, the EU has given some \$52.5 million in emergency aid to the Palestinian Authority (PA) because of the closure on the territories.¹⁵⁰ Without this important economic contribution, the continuation of the peace process, even in its present difficult state, would not have been possible.

From the European perspective a stalemate of the peace process threatens the Barcelona process. Financial aid has been given to trigger sufficient private sector investment flows into the region, thereby truly improving the economic standards of the people in the region, notably the Palestinians. The European Union's massive program of economic assistance seems not to have accomplished its goals. In fact, the opposite has happened: all Palestinian economic indicators point at a clear deterioration of living conditions.¹⁵¹

¹⁴⁹ *Bilateral Relations between the EU and the Twelve Mediterranean Partners*, p. 32

¹⁵⁰ *Communication between the Commission of the European Union and the Parliament*, p. 17 and European Union backs PA on starting point for negotiations, Jerusalem Post, 13 Feb. 2001; available online, <<http://www.jpost.com/Edition/2001/02/13/News/News.21310.html>> (February 09 2001)

¹⁵¹ The PA is barely able to provide public services; some 50 percent of the budget is not at hand; the unemployment rate is 45 percent and 1/3 of the population lives below the international recognized poverty line; see *EU warnt vor totalem Chaos in den Palestinensergebieten*, Die Welt,

Whether the "Barcelona Process" will be a success is questionable. First, the fundamental disparity between the relatively successful economies and political systems in Europe and the less successful economies on the Southern borders of the Mediterranean (with the exception of Israel) creates a situation of tension between Christian Europe and the Muslim countries of the Middle East. This disparity makes it hard to establish an area of free trade and mutual understanding, based on same or similar values. Second, the U.S. was deliberately excluded from the Barcelona Process. The only linkage between the U.S. brokered peace negotiations and the Barcelona Process is an observer status for the High Representative (Mr. J. Solana) in the CFSP, assisted by his special envoy. The Barcelona Process strategy, however, is economic cooperation, followed by integration. The implementation of the Barcelona Process can only succeed in a conflict-free and stable environment. Therefore, the MEPP must be successful to a certain extent; at least an interim solution must be reached.

B. THE EUROPEAN UNION AND THE MIDDLE EAST PEACE PROCESS

The reasoning behind the European approach to the Middle East Peace Process is that economic growth brings political stability, which in turn creates a peaceful or, at least, a conflict-free environment in intra-state as well as inter-state relations.

14. Feb. 2001; available online, <<http://www.welt.de/daten/2001/02/15/0215eu222808.htm>> (February 09 2001)

In this sense democratization is, “the peace-vehicle”, understood as a factor that changes and reduces the role of the state in the economy, which gives way to liberalization and privatization. This development would facilitate regional cooperation and integration. The overall domestic and regional stabilization would subsequently strengthen the market economy, which allows capital entering the country from abroad in forms of FDI and new technologies. The ultimate stage in this process is across-the-border political, economic and social stability and equally distributed prosperity in legitimate governed countries.

Whether this logical sequence will be successful is questionable. Israel has a consolidated democracy but a widely divided society. Yet, no consensus has been reached on the issue as how to achieve a peace agreement with the Palestinians. If a peace agreement is ever achieved, this will intensify the debate about what kind of state Israel is – a democratic (Jewish) state or a state for the Jews. Democratization plus liberalization in the Arab states would endanger the governing authoritarian regimes; therefore, these regimes would only open up the economy and introduce democratic trends as much as necessary to keep the people quiet and to maintain power.

1. European Union’s Political Support to the Middle East Peace Process

Until the early 1990s the European states have not played a major role in the Middle East neither as a crisis mediator nor as a peacemaker.

Europe has not aspired to a role like the two superpowers and has not been an important independent player in Middle Eastern geopolitics.¹⁵² This significantly changes with an increasingly unified Europe, with more influence on the world scene and with interests, security and stability directly affected by development in the nearby Middle East.

On 19 April 1994, the European Council passed the declaration, "Common Campaign to Support the Middle Eastern peace process", with following elements, inter alias

- Exertion of influence on all parties in support of the peace process and the consolidation of democracy and human rights
- Development of the European role in multilateral labor groups of the peace process, especially 'arms control and regional security' as well as "development of regional economy"
- Stronger influence in international committees in support of the Palestinians, i.e. the Ad-hoc Liaison Committee¹⁵³

The Middle East peace process was launched under joint US - Soviet Union co-sponsorship at the Madrid Conference in October 1991. It constituted the first comprehensive attempt to reach a just and lasting solution to the Arab-Israeli conflict since 1948. The acting President of the Council of the EU, Hans van der Broek, Foreign Minister of the Netherlands declared

...The Twelve [then EU member] consider... that the parties have committed themselves to... direct negotiations on the basis of resolutions 242 and 338... The political negotiations are to be underpinned by multilateral negotiations on regional cooperation in fields of mutual interests. ...

¹⁵² Laipson, p. 7

¹⁵³ Helmut Schaefer, Die Rolle der Europaeischen Union im Nahost-Friedensprozess, in *Die Europaeische Union und der Friedensprozess im Nahen Osten*, (Bundesakademie fuer Sicherheitspolitik, Mittler Verlag 1995), pp. 13-14

The Twelve's guiding principles are those which have since long governed our position. These principles are Security Council resolution 242 and 338, the principle of land for peace, the right of all states in the region, including Israel, to live within secure and recognized boundaries and the proper expression of the right to self-determination of the Palestinian people.¹⁵⁴

The Madrid Conference initiated two main processes, known as “bilateral talks” and the “multilateral track”. The bilateral talks between Israel and Jordan led to a peace agreement signed in 1994; whereas, the present course of the Israeli – Palestinian talks took another direction. The idea of the multilateral track is based on the functionalist conception of international or multinational cooperation. The “track” is structured into five working areas: regional security and arms control, water, environment, refugees and economic development. The expectation is that the advantages of cooperation and mutual understanding in these “technical” less sensitive working areas would create a climate for agreements in security on “higher” political issues.¹⁵⁵

In order to overcome the political and perceptual difficulties in implementing the European role, the Council of the EU appointed Angel Moratinos as the special envoy to the Middle East Peace Process. His mandate is to assist the conflicting parties in their contacts as well as in their negotiations if and when requested; he also monitors violations by either party of existing agreements.

¹⁵⁴ Rodolfo Ragonieri, *Europe, the Mediterranean and the Middle East*, in Stephen J. Blank (ed.), *Mediterranean Security Into the Coming Millennium*, (Strategic Studies Institute 1999), p. 430

¹⁵⁵ *Ibid.*, p. 431

Since his appointment, the special envoy has engaged in continued contacts with all relevant regional and international players. This has enhanced the political role of the EU in the peace process, however, on a low profile.¹⁵⁶

One of the successes of the Euro – Mediterranean Partnership is that it allows a dialogue between all Mediterranean partners involved in the peace process. The partnership is the only multilateral forum outside the United Nations in which all conflicting parties meet. The EU succeeded in incorporating Syria into the Euro – Mediterranean program. Syria refused to participate in the multilateral working groups created at the Madrid Conference in 1991.¹⁵⁷

The Euro – Mediterranean Charter for Peace and Stability, agreed on at a meeting of all 27 EMP Foreign Ministers in Stuttgart in 1999, set guidelines for all partners ensuring stability and peace in the region. This instrument is meant to function as a political binding document that prevents tension and crisis by means of cooperative security. It acts in accordance with the Barcelona Declaration and serves as an implementation tool where issues of peace and stability are concerned.¹⁵⁸

¹⁵⁶ *The Role of the European Union in the peace process and its future assistance to the Middle East*, available online <<http://www.medeia.be/en/index259.htm>> (February 09 2001)

¹⁵⁷ In this context the Palestinian Authority is viewed as a equal partner; see *The EU and the Middle East Peace Process*, available online <http://europa.eu.int/comm/external_relations/mideast_peace_process/index.htm> (February 04 2001); see also Gerald M. Steinberg, *The European Union and the Middle East Peace Process*, Jerusalem Center for Public Affairs No. 418, available online <<http://www.faculty.biu.ac.il/~steinb/election/jl408.htm>> (April 19 2001)

¹⁵⁸ *Communication between the Commission of the European Union and the Parliament*, p. 13

However, this meeting of the foreign ministers is still a “talking platform” without an institutionalized character; no consensus on the establishment of joint actions on conflict prevention, crisis management and against terrorism has yet been reached.

The EU promotes a just and lasting peace for the region. But because of the hegemonic stand of the United States in the region as well as in the peace process, the EU plays a political subordinate role. This aspect is incorporated in the Barcelona Declaration, clearly saying that the EU does not intend to interfere with the U.S. brokered peace negotiations. Europe is approaching the Middle East in economic terms. The principles of the Barcelona Process, the Madrid Conference and Europe’s understanding of the peace process are close economic relations and cooperation followed by integration. The logic of this approach is that trade and cooperation underpin peace. A positive Palestinian economic development in this sense is considered as Israel’s best long-term security guarantee.

Europe’s economic role in the peace process is essential for the continuation of negotiations, – for the Palestinian’s economy it is even vital. However, the EU has not yet been able to develop an adequate political role in the peace process. The reasons are mainly (1) the United States’ purpose and interest in maintaining the leadership in the process¹⁵⁹ (2) the Israeli and Arab perceptions of the European role.

¹⁵⁹ Ragionieri, p. 434

Israel, or better, the collective historical memory of the Jews, views Europe as representing a continent of anti-Semitism and pogroms. This view is underpinned by the European media's use of words, such as genocide, when describing Israeli behavior with respect to the Palestinians. The Arabs and Palestinians still perceive Europeans as the "conqueror" charging the Western countries (U.S., EU) with a double standard, because they punish Iraq much more heavily than Israel for not complying with UN Security Council resolutions.¹⁶⁰

Germany, in this context, has a crucial part. It is Israel's protégée in its dialogue with the EU. The Federal Republic plays an active role in expanding ties between Israel and the EU. During Germany's 1994 presidency, the foundation was laid for transforming the 1975 European – Israel agreement on cooperation into an association treaty, which went into force in June 2000. In Germany's second presidency in 1999, a treaty on scientific and technical cooperation went into effect. Former Israeli ambassador to Germany, Benjamin Navon, noted

There is a positive consistency in Germany's attitude towards Israel in the European context; that is the special aspect of the relationship. It is Israel's experience – and expectation for the future – that Germany, as the European state most sympathetic to Israel's needs, interests and political objectives, will persist in this line.¹⁶¹

¹⁶⁰ Settlements built on occupied land are illegal under international law and have long been an obstacle to reaching a peace agreement between Israel and the Palestinians; *Ibid.*, p. 435

¹⁶¹ Witzthum, p. 91

Both countries clearly benefit from the Israel – EU Association Agreement. Chancellor Schroeder declared that Israel has a key role to play in the relations between the EU and the Middle East. “For Germany, the relations between the EU and Israel must be universal and comprehensive. Our [Germany’s] strategic task is the extension of these relations in all fields.”¹⁶² Berlin’s Israel-biased politics counterbalances Paris’ pro-Arab orientated actions and removes Tel Aviv’s fears about a European foreign policy that sides with the Arab states.

¹⁶² Gerhard Schroeder, *Israel spielt fuer die Europaeische Union eine Schluesselrolle*, in Die Welt, available online, <<http://www.welt.de/daten/1999/12/13/1213eu142302.htm>> (April 19 2001)

VI. CONCLUSION

Germany's new geostrategic position in Central Europe since reunification offers new opportunities but it also creates new responsibilities. The Federal Republic needs to adopt a foreign policy, which reflects this situation.

Over the years Bonn and Berlin's policy and decision-makers adopted a "pragmatic multilateral attitude" that serves the country's interests best. At first, forced by the allied powers who followed the concept of (re)building Germany's democratic institutions creating an "economic giant", but with the characteristics of a "political and militarily dwarf" as a bulwark against the communist threat. Later, this concept of a "civilian power" became self-sustainable and was incorporated in the German mind. "Supranationalism" and institutional cooperation, followed by integration are the key figures in Germany's formulation and representation of power and national interests. This "multilateral – institutional approach" served Germany well during the Cold War period and helped to postpone taking up national positions.

Some observers feared that Germany as a unified state would take advantage of its new and powerful position in Central Europe, discard its strong support for European integration and embark on a unilateral foreign policy to expand its influence on the continent and into the world.¹⁶³ But the Federal Republic adhered strongly to its integral approach; one example has been Bonn's strong support for the Maastricht Treaty.

¹⁶³ Schloer, p. 3

The latest evidence is Chancellor Schroeder's proposal for a "Federalist European Government" made in early May of this year.¹⁶⁴

In Germany's federalist democratic system, party politics, the power of interest groups and public opinion play a significant role not only in domestic politics, but also in foreign policy. Although the Federal Republic is a major economic power, it has not developed a strategic thinking like France, Great Britain or the United States. The countries' political elite continues to point out that Germans are seeking a post-national identity in the context of European integration and the Atlantic alliance. The perception of the country's security environment since the disintegration of the Soviet Union changed the values in its society. Military security is no longer a primary concern. Environmental security, civil liberty and quality of life have a greater priority than materialist values, such as economic growth and country security.

What do these facts mean to the Federal Republic policy in the Middle East and what can be expected from its foreign policy, in general, and in the Middle East, in particular, in the foreseeable future?

Germany has ceased to be a net exporter of goods, services and capital, and a net importer of security. Its broader perspective of security is a useful paradigm to counter the challenges in an increasingly interdependent world.

¹⁶⁴ Chancellor Schroeder is putting forth a plan to restructure the European Union by implementing a federal government structure. The plan would create an upper house of Parliament, increase the powers of the lower house and redefine the European Commission as a branch of the EU government. See *Today's Global Intelligence Update*, available online <alert@stratfor.com> (May 03 2001)

Germany's potential – its size, economic power and its position in Central Europe– makes it a major player in the international system. However, its political economy has a lot of constraints to deal with. (1) the costs of unification are much higher than estimated. Eastern Germany has not yet achieved the Western economic standards. (2) reforms in economics, the tax system, social welfare and the "Bundeswehr" are overdue in equipping the Federal Republic for future challenges.

Finally, European unification and its enlargement to the East are also expected to be very costly "adventures". These "adventures" are from Berlin's perspective, however, essential for political and economic access to East European states and markets. Germany, today, is the biggest net-payer and will continue to be because it is the largest country West of Russia, with the highest GDP and it benefits most, politically and economically, from the enlargement. Sustainable economic development in the East European countries is very important for the German society; otherwise, the Federal Republic would be confronted with a mass influx of immigrants.

Generally the Federal Republic foreign policy is somewhat ambiguous. On the one hand it undertakes small steps to formulate and express its national interests and likes to be viewed as a Great (civilian) Power, indirectly asking for a permanent seat in the UN Security Council. On the other hand this foreign policy is not underpinned with an appropriate security policy and an attitude related to the responsibilities of a Great Power. Germany's defense expenditures, for example, are the second lowest in NATO.

For German politicians, however, it is not opportune to ask for higher spending on military equipment because, in the eyes of public opinion, government revenues should preferably be spent in other areas, like education, means to fight unemployment and environmental protection.

In the MENA region, Berlin uses its new foreign policy concept "active economic presence" to exert political influence. It distinguishes itself from former Foreign Minister Genscher's "Scheckbuch Diplomatie" in such a way that Germany offers economic support only for political service in return. This slight change in attitude has a twofold explanation. Now, the German leadership formulates national positions more clearly, based on the country's full sovereignty. Secondly, the cost of unification, essential reforms on economic and financial issues as well as the expected costs of Europe's integration and enlargement make it very difficult for the Federal Republic to continue its "old diplomacy".

German policy toward the Middle East in the recent past has been defined in economic rather than political terms. As one of the largest industrial nations, Germany is dependent upon a stable and well-functioning economic system that is committed to free trade. As a large producer and the biggest exporter of manufacturing goods, but without its own sufficient resources, Germany has had to rely mainly on imported low-cost oil from the Middle East. On the other hand Germany had destroyed Europe's "old order" and killed some six million Jews. The legacy of the Third Reich atrocities created a moral obligation to the Jewish state and to the Jews worldwide.

These facts prevented a German independent Middle East policy in the sense of a Great or Medium Power. Germany's political encounter in the Middle East is a cautiously executed evenhanded approach, a kind of balancing-act between a historical pro-Israeli stand and a more economical dominated pro-Arab position.

The Arab states view the Federal Republic as more of an honest mediator than the United States. Therefore they like to see a larger engagement of the Germans in the Middle East and in the MEPP, either in a unilateral approach or through an institutional framework like the EU.

Israel's attitude in this context is twofold; first, Israel's leadership knows that for achieving its political goals it can rely foremost on the United States who sides with the Israelis because of the domestic impact of its Jewish and Israeli lobby. Second, Israel views itself more as a European-style state than as a Middle Eastern state. Tel Aviv has great interest in firm economic relations with Brussels. In this context the Federal Republic plays an active part in expanding ties between Israel and the EU. It is Israel's protégée in its dialogue with the EU. Berlin's Israel-biased politics counterbalances Paris' pro-Arab orientated actions and calms Tel Aviv's fears about a European foreign policy that sides with the Arab states.

Although the moral obligation to the Jewish state changed in quality over time, normalcy in Jewish – German relations is not yet possible. The younger generation of politicians in both states, however, are able to differentiate between the Holocaust and "businesslike Realpolitik". Critiques on Israel's policy toward the Palestinians has nothing to do with anti-Semitism.

Within German politics and society there is a sympathetic trend in terms of the “Palestinian question”. Some politicians and intellectuals view Israel as the “regional hegemon”, which had occupied the territories in the 1967 War. Germany’s general policy is to fight violations of human rights and international law, this includes Israeli actions against the people in the West Bank and Gaza.

The political results of these aspects are a more of a indifferent picture of Israel and a change in political activities. The implications on politics in the Middle East will be that Germany’s future leadership generations are focused on economic and other “real” interests rather than on an explicitly Israel-biased policy. How soon this will happen depends inter alias on Israel’s politics. It is an open secret that Germany’s politicians are more in favor of the universalistic, secular-orientated, inclusive politics of a Labor-led government than with the particularistic, national- orientated, exclusive politics of the current governing Likud-led coalition.

Will Berlin be more decisive in its foreign policy actions toward the Middle East? I doubt it. I do not go as far as Josef Joffe, saying that ideally, the Federal Republic would prefer to have “no policy” in the Middle East,¹⁶⁵ but Germany has learned to appreciate the low costs associated with acting as a “political dwarf” while achieving its economic goals. Why should Berlin enter a “ political minefield” and engage decisively in the Middle East Peace Process when even the remaining superpower nation does not have the capacity or the political will to solve the Arab – Israeli dispute.

¹⁶⁵ Joffe, p. 205

Even when Germany does not clearly expressed its national interests, in recent years, its evenhanded attitude in the Middle East has been appreciated in both conflicting parties: in the Arab states and in the PA as well as in Israel. It has for the most part also reached its aim – fulfilling the economic interests even when critics call it “muddling through”.¹⁶⁶ Furthermore it is expected that with the European enlargement and the subsequently discovery of new markets and sources to fulfill its energy needs, i.e. oil and gas in the Caspian Sea, Germany would rather turn Eastward instead of Southward. So why engage in an instable region with political, economic and social unrest when securing its energy needs is, to a certain extent possible elsewhere?, there are not many gains.

As a European country, the Federal Republic, however, has to take a stance in the MENA region because the challenges and risks related to this region can only be solved or, better said, can only be encountered in the European context. In sum, there might be some more small steps undertaken by the Federal Republic plainly expressing its national interests, but they will surely be embedded in the European network rather than formulated unilaterally. Germany will continue its multilateral, evenhanded attitude toward the Middle East, swinging between the moral obligation to the State of Israel and the security of its energy needs, while continuing to be reluctant in using military force and further pursuing its national and economic interests through a interrelated European and trans-Atlantic framework.

¹⁶⁶ For example, Thomas Risse-Kappen in his chapter in *Germany and the Middle East*, edited by Sharam Chubin

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